ALAN WOLFE on the culture wars KOTKIN & SIEGEL on latte cities

THE NEW DEMOCRAT

BLUEPRINT

IDEAS FOR A NEW CENTURY

It's the MIDDLE CLASS, stupid!

FROM & REED:

Bush is shafting the middle class. Here's our plan to save it.

VOLUME 2003/No. 6 • $5.00
DEMOCRATIC LEADERSHIP COUNCIL
0 74470 77560 7 26
www.ndol.org/blueprint

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

"THE VITAL CENTER OF AMERICAN POLITICS"

JOIN *the* DLC!

A unique force in American politics

Democratic Leadership Council

The DLC is about ideas that improve the lives of all Americans.

- We promote opportunity for all, responsibility from everyone, and a new sense of community.

The DLC is leadership.

- The New Democrat movement is thriving in Washington and in the states. Our network includes hundreds of elected officials. They advance traditional progressive values with modern means.

The DLC is the future.

- We are developing a compelling new agenda to meet the central challenges of the Information Age. We need your help.

Join the National Network that turns New Democrat ideas into action.

Three EASY WAYS

1 .....**CALL: 1-800-546-0027** (in the Washington metro area, 202-546-0007)

2 .....**ON THE WEB: www.ndol.org** (click "Support the DLC")

3 .....**E-MAIL: memberships@dlcppi.org**

Basic membership is $50 a year ($25 for students). Contact us for information about advanced membership options.

DLC
Democratic Leadership Council

Enduring Values | New Ideas | Innovative Leaders Shaping America's Future

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

THE NEW DEMOCRAT
BLUEPRINT

Publisher
Al From

Editor in Chief
Bruce Reed

Editors at Large
Will Marshall, Chuck Alston

Editor
Peter Ross Range

Senior Editors
Ed Kilgore, José Cerda III, Randolph Court

Art Director
Tyler Stone

Contributing Editors
Robert D. Atkinson, Debbie Boylan, Ed Gresser, Shane Ham, David Kendall, Karin K. Freedman, Jeff Lemieux, Victoria Lynch, Marc Magee, Jan Mazurek, Steven J. Nider, Holly Page, Andrew J. Rotherham, Gene Sperling, Fred Siegel (Culture & Politics), Paul Weinstein Jr.

Editorial Assistant
Eben Gilfenbaum

Board of Advisors
Bernard L. Schwartz, Chair

Robert J. Abernethy
Donald A. Baer
William D. Budinger
Jeanette Clonan
John J. Cullinane
John S. Dyson
Robert R. Dyson
Christopher Gabrieli
William A. Galston
Peter A. Joseph
Elaine C. Kamarck
S. Robert Levine
Dave McCurdy
Regis McKenna
Charles Moskos
Mark J. Penn
William F. Podlich
Sanford R. Robertson
Felix G. Rohatyn
Howard Rubin
Robert J. Shapiro
Adam Solomon
Daniel Yankelovich
Dorothy Zinberg

Copy Editor
Jean Christensen

Circulation Manager
Jennifer Leischer

Proofreader
Lettie Conrad

BLUEPRINT: *Ideas for a New Century* is published six times annually by the Democratic Leadership Council, 600 Pennsylvania Ave. S.E., Suite 400, Washington, D.C. 20003. Telephone 202-546-0007. The Democratic Leadership Council is a 501 (c)(4) nonprofit organization. Bulk postage paid at Washington, D.C. The ideas and views expressed in this publication do not necessarily represent official positions of the Democratic Leadership Council, its members, or the BLUEPRINT Board of Advisors. Send all correspondence, remittances, changes of address, and subscription inquiries to: BLUEPRINT, 600 Pennsylvania Ave. S.E., Suite 400, Washington, D.C. 20003.

©2003 by the Democratic Leadership Council.

Remembering the middle class

Why is the upcoming presidential election all about the middle class? Because middle class voters decide elections. And they are the ones now under attack by a Bush administration that has, essentially, declared war on their prosperity. With reckless tax cuts that favor the rich, 3 million jobs lost, and less secure lives for working families, Bush's policies have undermined the essential American bargain: that hard work will get a person ahead.

That's why Democrats should focus like a laser beam on the middle class, say Al From and Bruce Reed in their political memo. While the Bush White House tilts to the rich and some Democratic candidates focus on the Iraq war and their Bush hatred, the middle class is being forgotten. A Democratic campaign that puts middle-class concerns and values at the center of its politics is the one that has the best chance of beating Bush in 2004, argue From and Reed. And one of the best ways to do that is by offering the middle class a political contract that provides national security, prosperity, fiscal discipline, affordable health insurance, greater support for schools, family-friendly work policies—and a chance to serve.

After all, in his pivotal speech to the 1991 Cleveland meeting of the Democratic Leadership Council, Bill Clinton spoke of "the burdened middle class." As a campaigner, he often invoked "the forgotten middle class." As president, he won a "middle class tax cut." This laser-like focus on middle-class Americans carried Bill Clinton to two terms in the White House.

By contrast, the Bush administration has transformed its hollow claim of compassionate conservatism into a cudgel for driving the middle class up against the wall, writes Ed Kilgore. Bush's policies are creating greater concentrations of wealth and privilege, staggering public debt, and less secure lives for working families. Incomes are down and crime is up, report Paul Weinstein Jr. and José Cerda III.

But, ironically, there may be good news for Democrats on the culture front, writes Alan Wolfe. While culture issues promoted by elites, like affirmative action and gay marriage, may stir conservative Republican voters to action, there are others that come from the grassroots—faith, family, and country—that are meaningful to Democrats. Wolfe shows how Democrats who understand the importance of these "bottom-up" values have an advantage with voters.

Nothing crystallized the importance of a strong Democratic stance on national security more than the welcome capture of Saddam Hussein. But the Bush administration's plans to reduce troop strength, even as the Iraqi insurgency continues, is the wrong answer, writes Will Marshall. Rather than pull-backs, we need more of everything, he argues, including civil affairs specialists, linguists, and intelligence operatives. Understanding Americans' preference for a muscular foreign policy in a time of threat is also a middle-class value that must be honored. This is the year for Democrats to show what they're made of.

—Peter Ross Range

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

1
by **Peter Ross Range**

COLUMNS ▸▸

23
by **Bruce Reed** Ideas still matter

27
by **Will Marshall** Stay and win in Iraq

36
by **Al From** It's not over

CULTURE & POLITICS ▸▸

28
by **Kenneth S. Baer**

32
by **Robert D. Atkinson**

33
by **Robert D. Atkinson**

BOOK EXCERPT ▸▸

30
by **Andrew Cuomo**

THE MIDDLE CLASS ▸▸

4 **The Right Fight**
by **Al From** *and* **Bruce Reed**
Democrats can't beat Bush just by being mad at him. They have to offer something better. Now's the time for a new Democratic contract with the middle class.

8 **A Party of Values**
by **Artur Davis**

10 **Up Against It**
by **Ed Kilgore**
Bush has pushed the middle class to the wall. Incomes down, taxes up (it's true!), deficits huge, crime rising. It's a bad bargain.

Plus: **The Wrong Direction**
by **Paul Weinstein Jr.** *and*

The Return of Rising Crime Rates
by **José Cerda III**

Contributing Photographers: AP/ Wide World–9, 11, 26, 29; Corbis–4, 7, 17, 34; Landov–2

Cover illustration by **Fred Harper**

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

"Several candidates—Edwards, Clark, Lieberman, Kerry, Gephardt—have tried valiantly to make the nomination a contest of ideas. But the front-runner, the press, and the party regulars seem to have dismissed ideas as an artifact from ancient times before we had the Internet."

—p. 23

16 **Too Much Froth**
by **Joel Kotkin** *and* **Fred Siegel**
The latte quotient is a bad strategy for building middle-class cities.

18 **Gotham Blues**
by **Fred Siegel**
Narrow fringe groups are strangling New York politics. By rejecting nonpartisan elections, they've depressed turnouts, driven up city labor costs, and catered to the public sector unions.

20 **Bottom-up Culture Wars**
by **Alan Wolfe**
Some cultural issues are top-down, like affirmative action and gay marriage. Others come up from the grassroots, like faith, family, and country. That's where Democrats could have an advantage.

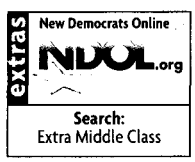
THE W ECONOMY

24
by **Jeff Lemieux**
Republicans are spending like drunken sailors. Interest on the debt could become bigger than Medicaid, Medicare, and Social Security.

ESSAYS & COMMENT

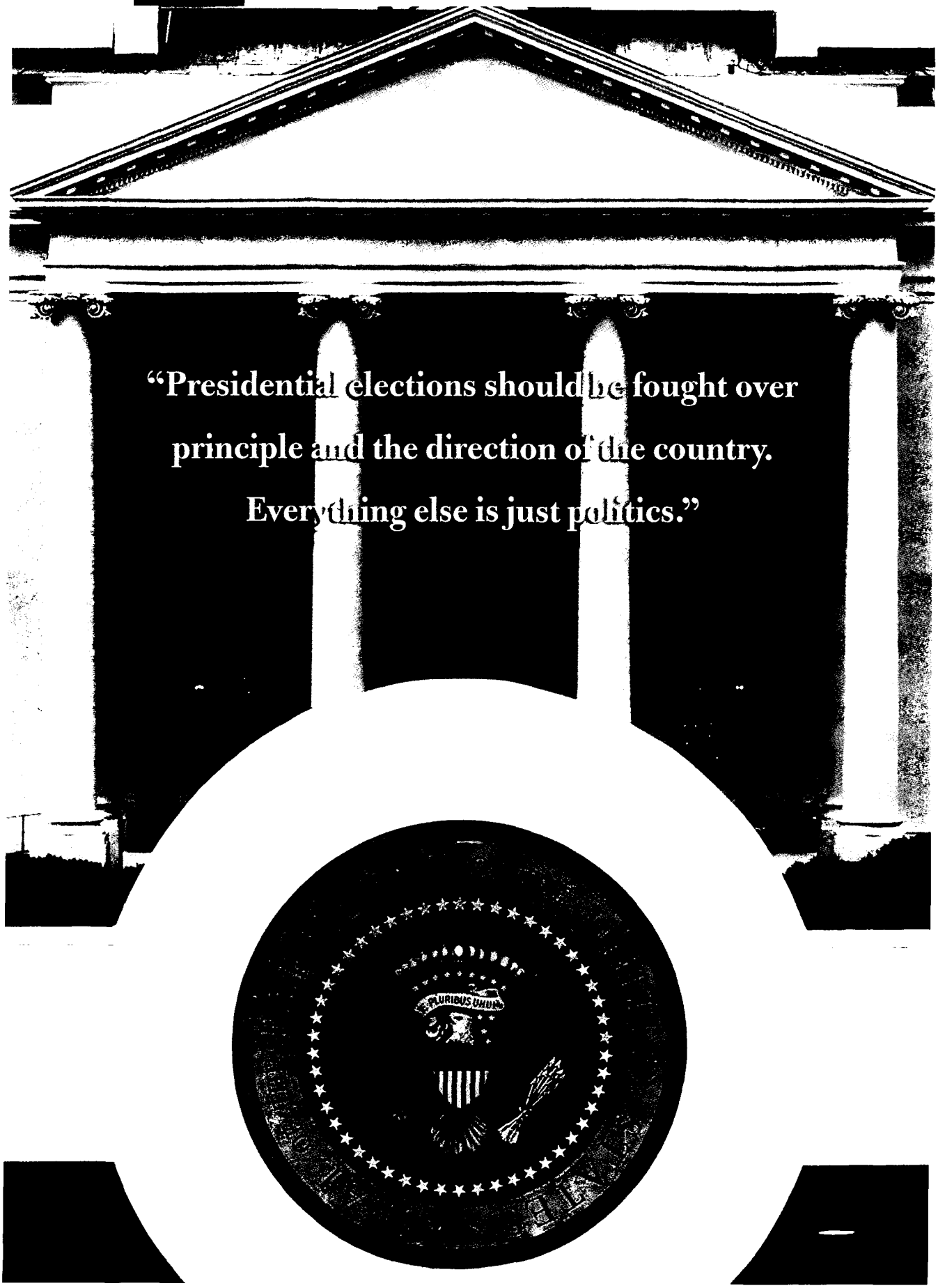
25
by **Shane Ham**
Stealing off the Internet is not only illegal, it can cripple the future of e-commerce.

"NDOL Extras" More on the Web



Throughout BLUEPRINT, whenever you see a box like this one, go to "New Democrats Online"—*www.ndol.org*—and use the search phrase (e.g., "Extra Middle Class") to find related material.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED


"Presidential elections should be fought over
principle and the direction of the country.
Everything else is just politics."

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Right Fight

Democrats can't beat Bush just by being mad at him. They have to offer something better. Now's the time for a new Democratic contract with the middle class.

| *by* *and*

DLC Memo

TO: The Democratic Nominee
(Whoever That Turns Out to Be)
FROM: Al From and Bruce Reed
SUBJECT: The Middle-Class Bargain

Democrats won't help a single person find work, get health care, or afford college if they don't win the White House in 2004. The stakes are particularly high. If Democrats lose this time, the Bush administration will continue on the path toward destroying the country's finances for a generation, shifting the tax burden away from wealth to work, and losing ground in the war on terror. Over the next several weeks, Democrats would be foolish indeed to choose a

Al From is founder and CEO of the Democratic Leadership Council. **Bruce Reed** is president of the DLC and was President Clinton's domestic policy adviser.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

nominee who makes a tough election even tougher.

But, as we've said in our previous memos, we won't beat Bush simply because we're mad at him or by hoping that things will go badly for the country. We will beat him only if we offer a compelling vision and agenda.

That's as it should be—because what we'll do in office is what really matters to voters. Presidential elections should be fought over principle and the direction of the country. Everything else is just politics.

We believe our vision ought to be a new bargain with the middle class and those aspiring to get there—a bargain that puts the needs of the majority ahead of the narrow interests of the few.

Putting Country First:
Our New Bargain With America's Forgotten Middle Class

In the sterile national debate between Republicans who only seem to care about the rich and some Democrats who only seem to care about the war, America's middle class has been forgotten. Bush has failed to address the problems that most Americans face: getting good jobs with a future, paying the soaring costs of health care and college, saving for retirement, and balancing work and family. Instead of answers, he has offered the middle class more burdens.

Middle-class families don't need a political party that undermines their values, ignores their interests, and saddles them with debt, as Bush's Republicans have done. Democrats need to show the middle class that we will honor their values, defend their country, and think twice before spending the tax dollars they worked so hard to earn.

Most important, we need to give the middle class hope again—to allay their fears and to assure them that their future can be better than the past.

For more than two centuries, America has been guided by a simple, profound principle: Hard work and responsibility are the ticket to a better life and a stronger country. Today, that principle is under attack here at home, at the very time our nation's enemies are out to destroy our way of life.

In the **sterile national debate** between Republicans who only seem to **care about the rich** and some Democrats who only seem to **care about the war**, America's **middle class** has been forgotten.

Under Bush, our political system has become nothing more than a selfish clash of narrow and moneyed interests. Our middle class—the greatest engine of social and economic progress the world has ever known—has been burdened, betrayed, and abandoned by those at the top. On Bush's watch, our private sector has been shaken by the worst corporate scandals in a century. Too many of our leaders have forgotten their highest responsibility: to put their country first.

If we continue on the present course, the promise of America will never be the same. We will not remain the strongest nation on earth if we forget the values that made us strongest, at home and abroad. America was not created to be a nation of privilege. We must be a land of opportunity again. Our mission in the world is to be a beacon of hope, freedom, and respect.

Democrats want more for America. We will ensure that the values, security, and aspirations of the middle class are forgotten no more. Bush and his allies have a plan that threatens America's future and is breaking the backs of the middle class. The party that helped build the middle class now must offer a plan to save it.

We propose a 10-point Contract with America's Forgotten Middle Class:

1. *We pledge to make America safe.*

Under the Bush administration, we have seen the greatest intelligence lapses since Pearl Harbor. We will strengthen our domestic defenses by reforming the security and intelligence agencies the current administration has been too timid to fix. We will reform the FBI, by creating a new domestic intelligence agency that can detect and prevent terrorist plots on our soil. Instead of cutting law enforcement assistance and driving up state and local taxes, as this administration has done, we'll give communities the resources to keep their citizens safe, so they can hire more police to reduce crime and prevent terrorism, and more firefighters and first responders to answer the call in the event of an attack.

2. *We will win the war on terror and the causes of terror and earn America the respect and allies we need to succeed.*

By steering a unilateral course, the Bush administration has isolated the United States, breeding global mistrust of our motives and leaving us to bear the lion's share of the costs and risks of policies that benefit other countries, as well as our own. We will pursue a strategy of tough-minded internationalism that puts America's enormous power to work in ways that enhance our security and respect, not in ways that give our allies and enemies alike the dangerous excuse of anti-American resentment. We will drain the swamp that produces terrorists by supporting democracy, not stability, in the Middle East. We will seed the garden with a Middle East trade initiative to help bring the region into the modern world. We will reward reform by making our foreign aid more strategic, more generous, and more selective. We will transform our military for the 21st century with the personnel, weapons, and doctrine to win conflicts quickly, decisively, and with lasting results.

3. *We will ask all Americans to give something back to their country.*

Instead of challenging America, the Bush administration has embraced an

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ethic of every man for himself. We will expand AmeriCorps tenfold to give every young American the chance to serve. We will enlist Americans in a national effort to make America safe, with a civil defense corps that makes sure every citizen and community is ready for emergencies in a time of terror. If you're willing to serve your country, we'll guarantee you the chance to go to college and make sure you will never be denied that chance because you can't afford it.

4. *We will expand prosperity for all Americans, not just the few, and reform the tax system to increase middle-class incomes, not stick the middle class with a higher share of the tax burden.*

The Bush administration believes that prosperity is something the wealthy share with the rest of us, and that jobs don't matter as long as the GDP is going up. We'll grow the economy and restart the great American job machine by harnessing the high-paying jobs of the future in emerging industries like clean energy technology and energy conservation.

The Bush administration's war on work has shifted the tax burden from the wealthy onto the middle class. It's wrong to burden the middle class to make the rich richer. We won't raise middle-class incomes by raising middle-class taxes. Instead, we propose sweeping tax reform to give middle-class and working Americans the opportunity to own a home, save and invest for college or retirement, and support their families. Every poor and middle-class American should be able to save and invest as much as he or she can, tax-free. For the middle class and working poor, we will reduce the capital gains rate or eliminate it altogether.

We will consolidate the confusing array of tax-favored savings programs into a single, universal pension that every American can take from job to job. We will strengthen Social Security by expanding retirement savings, making the necessary reforms to modernize benefits and keep costs from exploding, and putting the nation's fiscal house in order. We will offer tax credits for first-time homebuyers so that every American willing to work for it can get the help he needs to own a home. We will replace the array of child tax credits with a single Simplified Family Tax Credit so that anyone willing to work full time to support a family can be part of the middle class.

"Bush has broken his promise to invest in education reform, and shortchanged states and communities. ... We will make reform work by keeping Washington's pledge to provide the resources to help schools rise to the challenge."

5. *We won't let government spending go up faster than your paycheck does.*

Bush has abandoned the ethic of fiscal integrity and brought the era of big government back. We will stop giving tax cuts we can't afford to those who don't need them, and stop paying back narrow interests with pork and corporate welfare. Instead, we will restore annual spending caps and pay-as-you-go rules so Washington can't enact new spending or tax cuts without offsetting savings. We will create an independent commission to end corporate welfare as we know it. And we will cancel the tax-cut windfall for the very wealthy, and cut taxes instead for the middle class.

6. *We will ensure a strong economic climate so the private sector can succeed, but we'll make corporations live up to their responsibility to play by the rules and do right by their employees.*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Bush has delivered neither responsibility nor reform at a time when Washington and Wall Street cry out for both. Sustained economic growth is the prerequisite for opportunity for all. But we will also put economic policy back in line with our values. We will replace crony capitalism with democratic capitalism that gives Americans who do the work and pay the taxes a smaller share of the country's burdens and a greater stake in their companies' success. We will give stockholders more say over the companies they own, and stop the scandal of excessive CEO pay by making sure firms that give options to their top executives give options to all their workers.

We will help America lead the world in developing new energy technologies that are good for both the environment and the economy. We will restart America's growth engine by reducing barriers abroad to American goods and services, and put money in family bank accounts by eliminating regressive import taxes on clothes, shoes, and other goods at home. We will also make sure that workers, not just consumers, can join the winners' circle. We will do this by streamlining the overly bureaucratic vocational training system and providing New Economy Work Scholarships that let dislocated workers choose the training and skills they need.

7. *We will give you the opportunity to afford health insurance—if you take responsibility to make sure your children get it.*

While rising health costs are crippling businesses and workers, the Bush administration has done nothing to make health care more affordable. We will ensure that all Americans have access to affordable health insurance, but with the requirement that parents take responsibility for covering their families. We will allow Americans to buy into the same plan that members of Congress have, offer tax credits to make coverage more affordable, and create a National Cure Center to help find cures for major chronic diseases.

8. *We will demand more from our public schools, and invest more in them.*

Bush has broken his promise to invest in reform, and shortchanged states and communities when they need help most. By refusing to fund federal mandates for school reform, the Bush administration is leaving too many children behind. We will make

A party of values

by **Artur Davis**

New Democrats have never shied away from message politics, or the belief that elections are ultimately about values. I distinguish values from issues. People who are trying to earn enough money, send kids to college, and deal with all the economic ups and downs of everyday life don't take a lot of time to process issues. But they do spend time processing values. New Democrats understand that.

And they understand something else: If you don't win, you don't get to do anything. If you don't figure out a way to translate your message into at least 51 percent of the vote, then you will not do very well. But we have ideological purists in our party who would rather be right than successful.

These are not the easiest of times for Democrats in the South. A majority of Southern whites now consider themselves Republicans. They perceive Democrats as being the exclusive party of African-Americans, teachers, and labor unions. This is not the Democratic Party of their parents or grandparents. But many have stayed because they appreciate the fact that the Democratic Party represents people who were born without privilege, who are struggling to fashion some opportunity out of their lives, who don't have a lot of capital or wealth. These are the 3 million people who have lost jobs in the last two years; the 1 million children who have slipped into poverty in the last year; the 41 million Americans who do not have health insurance.

Yet this party cannot sustain itself if it does not develop enough of a backbone to talk about what is right and what is wrong. Does that mean that the Howard Dean approach is the answer? I don't think so. But it does mean that we have to articulate what our party stands for and why we are still different—why we present the best vision for giving everyone in our society a fighting chance, no matter where they start.

Democrats ought to be able to engage this issue. We ought to be talking about that until we turn blue in the face. That's the American dream as many of us have experienced it. I was literally born next to a railroad track in Montgomery, Ala., and very much on the wrong side of it. Yet I was able to go to Harvard, and to Congress.

A Democratic message, properly articulated, will focus on opportunity. Ronald Reagan won elections in this country because he spoke of the value of opportunity. Some of us didn't buy his version of opportunity, but he kept using that word,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

public schools the pride of every community by keeping Washington's pledge to provide the resources to make reform work. We will help schools rise to the challenge of reform. We will put a qualified teacher in every classroom by paying teachers better and asking more of them in return. We will let parents choose which public schools their children attend. We will make sure they have good schools to choose from, by improving or closing schools that fail and by creating more charter schools and smaller schools that work.

9. We will give young people the chance to work or serve their way through college without the crushing burden of debt.

Bush has presided over the steepest rise in public college tuition in a quarter-century—at a time when a college education is more important than ever. We will simplify the bewildering array of education tax credits and replace them with a single education credit and a single set of definitions that every family can use and understand. And we will make it easier to go to college, not harder, by dramatically expanding AmeriCorps and work-study programs so that any American who is willing to work or perform community service can earn his or her way through college and graduate without plunging into debt.

10. We will give parents more opportunity to live up to their most important responsibility—their families.

Instead of helping Americans balance work and family, the Bush administration has put new burdens on families by cutting after-school programs and denying states the chance to offer paid parental leave. We will offer tax credits and a system of paid leave that enable new parents to spend more time with their newborn children. We will provide after-school care for every child who needs it. And we will end the motherhood penalty in Social Security by allowing parents who take time off during the first three years of their child's life to make up the tax-free retirement contributions they missed.

We pledge these steps to save and expand America's middle class, because our spirit and our future depend on it. The promise of American life cannot be the province of the privileged few. Our nation serves a higher purpose: to make sure all our citizens have the chance to rise as far and as high as their hard work and God-given potential will take them. ◆

"This party cannot sustain itself if it does not develop enough of a backbone to talk about what is right and what is wrong. ... We must have a core." —*Artur Davis*

and it worked. Yet our presidential candidates are not singing that song in the way they should.

We are the one party in this country that is able to have an intelligent political discourse about race. Look at any roomful of Democrats—you'll see diversity. But we sometimes run from talking about race. Here's how we have to talk about it: If we expand opportunity in this country, we are ultimately expanding the talent pool in this country because talent is scattered all over society.

Another thing that Democrats must understand is the importance of faith, particularly in the South. In the South, a significant number of our constituents are people of faith, and they are very open about their faith. They adopt a lot of their political value system to fit their faith. The right wing of the Republican Party has committed an enormous theft in the last 25 years. They've seized the language of faith, and turned it into a conservative value. If we leave faith to the Republican Party, we have lost a very important connection with a lot of people.

As Democrats, we have a story to tell. I'm proud of a party that created 22 million jobs under Bill Clinton; that moved a record number of children out of poverty in the last decade; that created Social Security, Medicaid, and Medicare. We understand there are things we can do collectively as a community that people cannot do for themselves. We understand that there are values. But to deserve to return to power, the Democratic Party has to be true to its value system. We must have a core. Strength is not just about loudness and flexing muscle. It is sometimes just steady, repeated assertion of what is right. That's what the Democratic Party has to be about. ◆

Artur Davis is a Democrat representing Alabama's 7th Congressional District. This article was adapted from remarks he made at a DLC conference on "Gods, Guns, and Guts" in October 2003.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Up It

Bush has pushed the middle class to the wall. Incomes down, taxes up (it's true!), deficits huge, crime rising. It's a bad bargain.

| *by* **Ed Kilgore**

THREE MILLION JOBS LOST: Even if the recovery is strong, it will take years to recoup the jobs lost by the W Economy.

In retrospect, it's clear that the mid- to late 1990s—the Clinton years—were a remarkably good time for the American middle class.

It got much larger than ever before, and previously excluded elements of the U.S. population, especially African-Americans and Hispanics, joined it in record numbers.

It also became much more affluent, ultimately producing the first mass upper-middle class in human history and enrolling a majority of Americans in the ranks of owners of capital. Private wealth was swelling, and public debt was shrinking, both at a remarkable pace.

extras New Democrats Online NDOL.org Search: Middle Class

And most of all, the American middle class, after decades of stagnating incomes and boom-and-bust cycles of good and bad fortune, regained its sense of implacable optimism, believing that life would offer more opportunity and greater security to future generations. Americans were making dramatic progress on a wide array of problems long thought to be intractable, from welfare dependency and teen pregnancy to rising crime, spiraling health care costs, and dirty air and water.

Although the progress achieved by the middle class in the 1990s endures, much of the dynamism has dissipated. Millions of families are falling out of the middle class back into poverty. Small investors have been burned and are wary. Incomes are again stagnating. Boom-and-bust business cycles have returned with a vengeance. And along with an economic performance like that of the 1980s has come a relapse into the national pessimism of the 1970s.

Some try to blame the dot-com bust, and others blame 9/11 for the profound souring of national, and especially middle-class, life in the new century. Republican partisans bitterly call the bold spirit of innovation and accomplishment of the 1990s an irrationally exuberant aberration that has finally given way to the cold truth that working hard and playing by the rules can earn middle-class families little more than treasure in heaven.

But even as the accomplishments of the 1990s come into focus, so, too, do the failures in national leadership that are rapidly turning the economic and geopolitical dislocations of the past few years into a permanent narrowing of vision and lowering of expectations for the American people. The Bush administration, as a matter of policy and even of principle, is doing everything possible to return the country to its pre-1990s patterns. How is the administration doing it? With greater concentrations of wealth and privilege, huge public debts, mounting insecurity for working families, and deliberate indifference to a large array of national challenges.

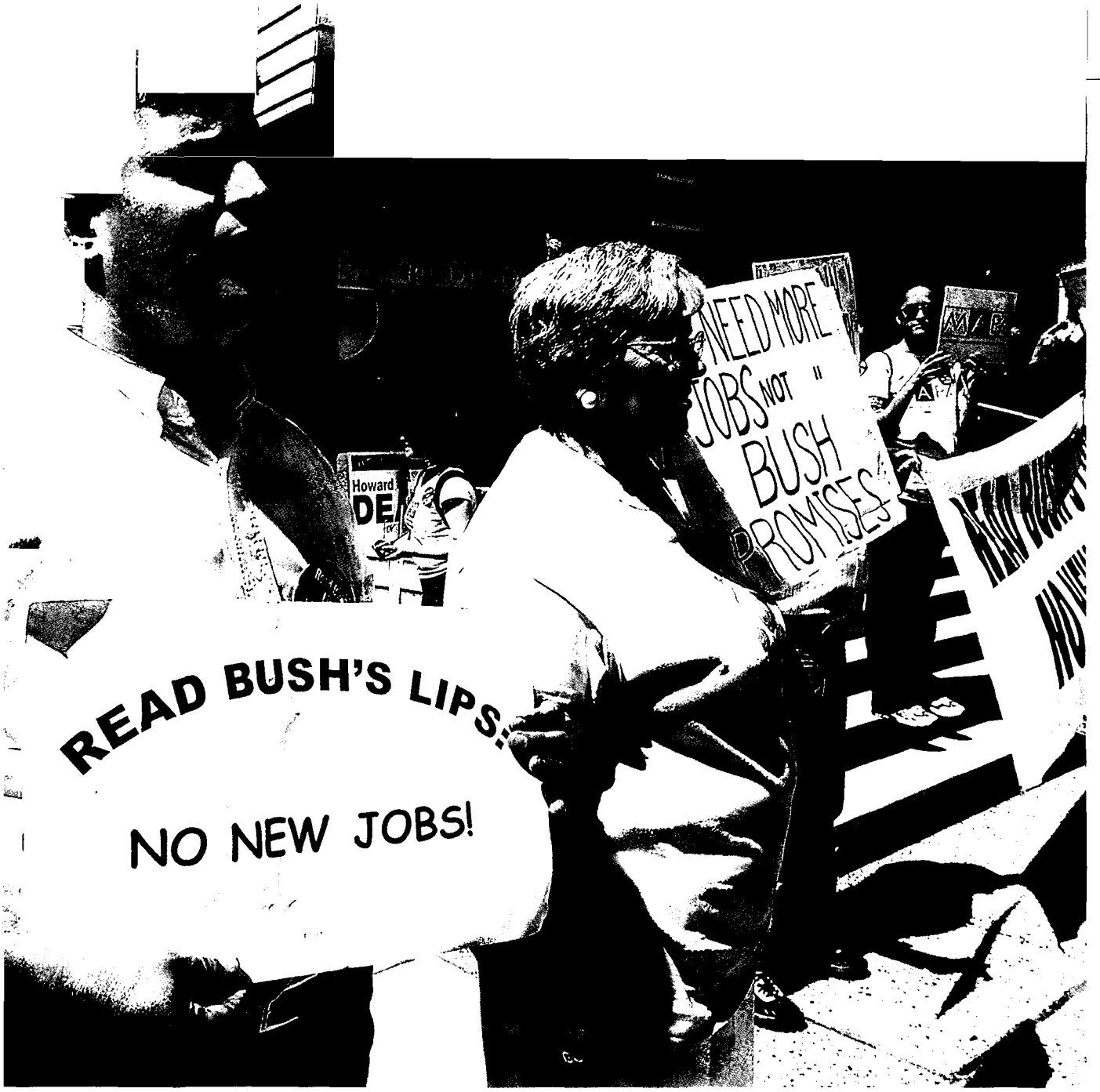
The numbers speak for themselves:

From 1992 until 2000, household incomes (in constant dollars) grew rapidly for those in the three middle "quintiles" (20 percent segments) of the U.S. population. Incomes went up 16 percent for the second (or next-to-the-bottom) quintile, nearly 15 percent for the third quintile, and better than 16 percent for the fourth quintile.

From 2000 until 2002, real house-

> **Ed Kilgore** is policy director of the DLC and a senior editor of BLUEPRINT.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED



hold income slid by more than 4 percent for the second quintile, by nearly 3 percent for the third quintile, and by nearly 2 percent for the fourth quintile (though outside the middle class, the bottom quintile has suffered most: After scoring nearly a 16 percent gain in real incomes from 1992-2000, it slid nearly 6 percent from 2000-2002).

Most of this deterioration in real middle-class incomes after eight years of steady progress has been attributable to the weak "W Economy." Thus, even if the current recovery begins to make up some of the 3 million jobs the economy lost from 2001 through the first half of 2003, middle-class income will, at best, crawl back to where it was at the end of the Clinton-Gore boom.

But if before-tax middle-class income is stagnant, Bush fiscal policies seem aimed at ensuring that after-tax incomes struggle for many years to come, for several reasons.

First, the three Bush tax cuts of 2001-2003 were structured to give low- to moderate-income Americans their paltry share of the bonanza up front, with the wealthy snagging an ever-higher percentage of the benefits in later years. Indeed, most of the tax benefits derived by families of modest means were in provisions (the 2001 cash rebate, the expanded child tax credit, and marriage penalty relief) insisted upon by Senate Democrats, whose votes were necessary to get each package enacted.

According to Robert S. McIntyre of Citizens for Tax Justice, writing in July 2002: "For the four out of five families and individuals that make less than $73,000 this year, three-quarters of the tax cuts—averaging about $350 this year—are already in place. Tax cuts for the 19 percent of taxpayers making between $73,000 and $356,000 this year will grow a little over the next four years but will dwindle thereafter. ... In other words, for 99 percent of us, the tax cuts are already mostly or fully frozen." This picture was not significantly changed by

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the 2003 tax cut, which mostly accelerated the earlier reductions and enacted new ones (especially for investment income) that were even more tilted toward the rich than the first two rounds.

Thus, says McIntyre, the top 1 percent of taxpayers harvested a hearty 38 percent of tax cuts in 2001 and 2002, but that percentage will jump to more than half when the cuts are fully implemented in 2010. And that will produce a shift in the federal income tax burden of more than 5 percent from the top quintile of taxpayers to the middle three quintiles.

But federal income taxes are only a portion of the fiscal picture, a portion that leaves out the real tax burden shift under way as a matter of deliberate Bush administration policy.

It's no accident that Bush has promoted cuts in federal income taxes, elimination of federal inheritance taxes, and the virtual elimination of federal taxation of investment income. These are the most progressive federal taxes.

But he has not proposed any changes, much less reductions, in the highly regressive federal payroll taxes that finance Social Security and Medicare. They are regressive because they are levied at a flat rate on all earned income, however small, and are eliminated altogether on earned income over $80,000 per year. That means workers earning under $80,000 (or two-earner families making, at most, $160,000) pay a higher tax rate than those above that figure, with the biggest upside-down discrepancies being between middle-class taxpayers and super-rich wage-earners like corporate executives. These payroll taxes, not income taxes, are the largest federal taxes paid by a majority of American families.

With federal income-tax collections expected to decline by one-fourth between now and 2010 from what they would have been without Bush's tax program—and with inheritance taxes due to be wiped out altogether—it's obvious that payroll taxes, or taxes on work, will represent an ever-higher percentage of the overall federal revenue base.

> The **huge federal deficits** being run up by Bush and the **Republican Congress** are being financed by **massive borrowing** from the **Social Security funds** that come from payroll taxes. The Social Security trust fund will not have **anywhere close** to the revenues needed to deal with the **impending retirement** of the baby boom generation.

But the shift from taxes on wealth to taxes on work is happening in another, more direct, way than a gradual, if steady, change in the mix of tax sources. Why? Because the huge federal deficits being run up by Bush and the Republican Congress are being financed by massive borrowing from the Social Security funds that come from payroll taxes. Urban Institute economist Harry J. Holzer predicts that deficit spending will wipe out most, if not all, of the $3 trillion surplus in retirement funds that payroll taxes will generate by 2010.

This means the Social Security trust fund will not have anywhere close to the revenues needed to deal with the impending retirement of the baby boom generation. Barring any major structural changes in Social Security, the huge gap will have to be made up with large reductions in benefits or ruinous increases in payroll taxes—either way, a disaster for the middle class.

Thus, says Holzer: "Middle-income taxpayers, particularly those earning less than $80,000 a year, will be funding income tax cuts primarily for those earning $200,000 a year or more. The huge Social Security and Medicare obligations coming due around 2010 and beyond will be impossible to meet, as annual deficits continue, long-term debt swells, and defense and homeland security bills mount."

In other words, the booming national debt is very much a debt for middle-class families. A Citizens for Tax Justice study estimates that by 2007, the public debt will amount to $52,000 for each family of four.

Unfortunately, the shell game of shifting tax burdens from the wealthy down the income scale is by no means limited to federal taxes. Another big tax shift, from federal taxes to generally less progressive state and local taxes, fees, and college tuitions, is already well under way. In many locales, these are regressively levied, mainly on homes and retail sales.

Despite its zestful willingness to run the largest federal budget deficits in history just three years after the largest federal budget surpluses in history, the Bush administration is determined to shift as much as possible of the cost of domestic governance to state and local officials through a variety of new and old unfunded federal mandates. The most conspicuous examples of this cost-shifting strategy are in homeland security, where state and local first responders to potential terrorist acts are being reimbursed for no more than a fraction of their costs; in health care, where the administration wants states to bear a larger part of the burden of double-digit health care inflation and the growing ranks of the uninsured; and in education, where Bush is fighting Democratic efforts to fully fund his own signature No Child Left Behind reform initiative.

Last summer, Paul Weinstein Jr. wrote in these pages (BLUEPRINT, Vol. 2003, No. 3) that state and local tax, fee, and college tuition increases were already more than offsetting supposed federal tax cuts for middle-class families in many parts of the

Continued on page 14

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

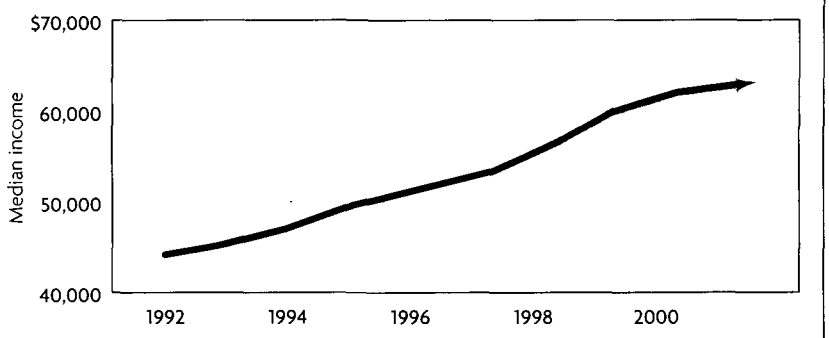
The Wrong Direction

by **Paul Weinstein Jr.**

The 1990s were a period of significant economic prosperity for middle income Americans. Due to sound Clinton administration fiscal policies that contributed to low inflation and high levels of job growth, the bank accounts of the middle class grew significantly fatter. For example, from 1992 through 2001, middle-class family net wealth rose 40 percent and household income increased 43 percent.

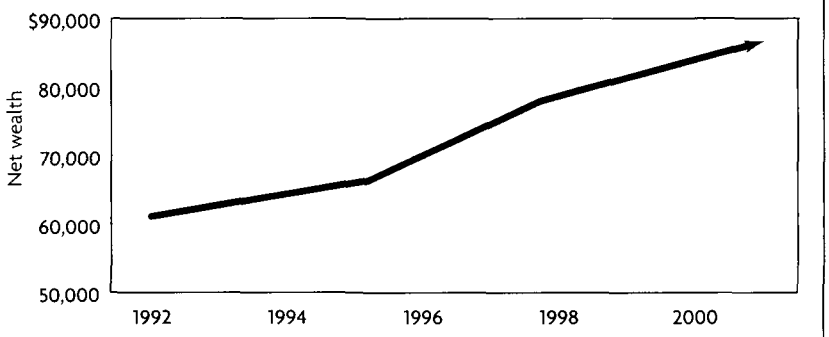
But the middle class has not faired nearly as well since George W. Bush became president. The economy has lost nearly 3 million jobs and the Federal Reserve estimates that net wealth dropped 6.3 percent through October 2002. Furthermore, with a budget deficit still spiraling out of control, the return of higher long-term interest rates is increasingly likely, and the threat to the economic well-being of the middle class very real.

Clinton Boom: Median Income For Four-Person Families (1992-2001)



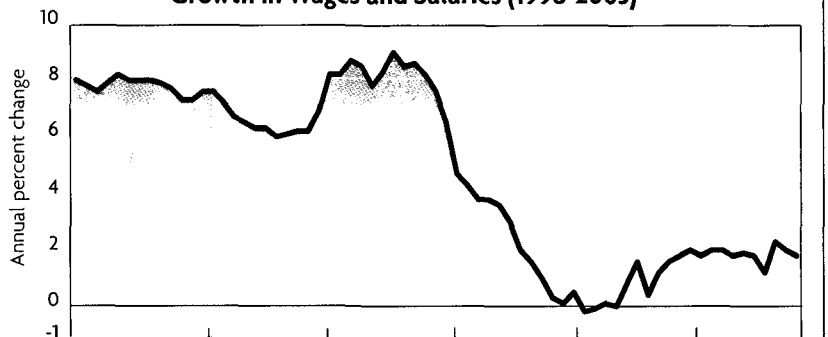
SOURCE: U.S. Census Bureau

Clinton Boom: Middle-Class Household Net Wealth (1992-2001)



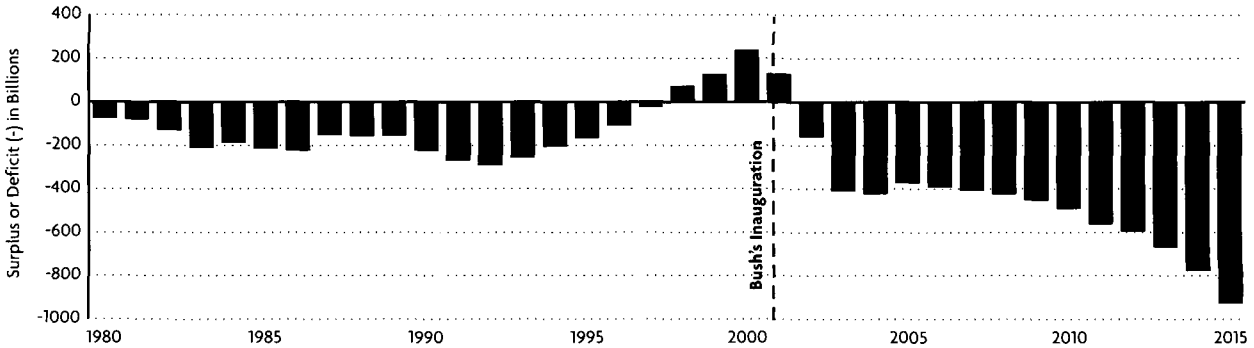
SOURCE: U.S. Census Bureau

Growth in Wages and Salaries (1998-2003)



SOURCE: Bureau of Economic Analysis

The Budget Outlook is Grim



SOURCE: PPI

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Continued from page 12

country. In a Progressive Policy Institute study of seven states, per-capita increases in state and local taxes and fees since 2001 ranged from a low of $125 to a high of $1,006. And it's getting steadily worse: State and local tax and fee increases have accelerated in 2003, and several states have announced record boosts in tuition for public colleges and universities since Weinstein's article was published.

All these findings, of course, only address the revenue side of the government ledger. That's bad enough. But the interests of America's working families will be compromised far more by the host of unmet national challenges that are beginning to fester, thanks to the Bush administration's distorted fiscal priorities and hostility to public-sector activism in the national interest.

A few examples will suffice to suggest the impact of administration indifference to big national challenges affecting the middle class:

- Our transportation system is dangerously dependent on insecure and environmentally damaging oil and is increasingly snarled by suburban sprawl and inadequate avenues for traveling from home to work. Yet the administration continues to pursue an oil-centered energy policy, reduce investments in our transportation infrastructure, and oppose smart growth policies.
- Job losses due to both the lagging economy and trade- and technology-related dislocations are hitting middle-class families harder than at any time since the Bush I recession of the early 1990s. But the administration has no policy for, or interest in, creating a viable system of income security or lifelong skills training for American workers.
- Forty-three million Americans, most of them middle-class citizens who do not qualify for public assistance, do not have health insurance, and millions more are in danger of losing their insurance as health care premiums continue to rise. Yet the administration has no serious plan for dealing with this problem, other than asking the already cash-strapped states to do more.
- After eight straight years of reductions from 1993 through 2000, serious crime rates have begun rising again. But the Bush administration continues to demand the virtual elimination of federal assistance to state and local law enforcement agencies, including the highly successful COPS program.

> It is **supremely important** that Democrats make the case that the Bush administration's **domestic policies** aren't simply a fight between the **wealthy** and the **government**.

With a record like this, why is Bush's standing among middle-class voters not as low as he deserves, and what can his Democratic rivals do to drive it down?

It's all a matter of perspective.

The domestic politics of George W. Bush's Republican Party are based on a large strategic gamble: that the great American middle class will accept policies that reward and reinforce economic privilege—individual and corporate—so long as they are perceived as disadvantaging big government and the interest groups that depend on big government.

It's a gamble that could well succeed if Democrats respond by simply defending big government and acting as agents of interest groups. All other things being equal, a majority of middle-class Americans don't mind massive tax cuts targeted to the rich if the alternative is leaving those dollars in Washington. And with the same proviso, a majority of middle-class Americans don't object to an aggressively pro-business regulatory stance if the only "losers" in the equation are bureaucrats.

That's why it is supremely important that Democrats make the case that the Bush administration's domestic policies aren't simply a fight between the wealthy and the government, in which middle-class Americans can choose sides or remain neutral, as they wish. Democrats must show that Bush and the GOP are, in fact, doing real damage to the pocketbooks, the aspirations, and the values of the middle class.

They must show that in rewarding wealth, Bush is dishonoring work; in relieving the tax burden on people of great means, he is shifting it to people struggling to make ends meet; and in ignoring a host of great national challenges, he is increasing the challenge of raising children and giving them greater opportunities than their parents.

In other words, Democrats need to replace class warfare tactics with an appeal to the broad national interest, as represented by the middle-class families who most embody our values and our future, while exposing the reverse class warfare for wealth and privilege championed by the GOP.

The bottom line is that the Bush administration is not simply offering middle-class Americans a small slice of a tax bonanza aimed at their more comfortable fellow citizens, who may then somehow devote a portion of their largess to expenditures and investments that could help the economy grow. In fact, Bush offers middle-class Americans a higher permanent percentage of the burden of taxation at every level of government, to purchase investments and services that will shortchange them now and in their retirement years, while endowing their children with a legacy of debt and a weakened country.

That's the bad bargain that Democrats need to talk about. Bashing the rich while defending big government won't work. But showing that the GOP is bashing the middle class while bankrupting and enfeebling the government is the truth that can hurt Bush in 2004. ◆

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The Return of Rising Crime Rates

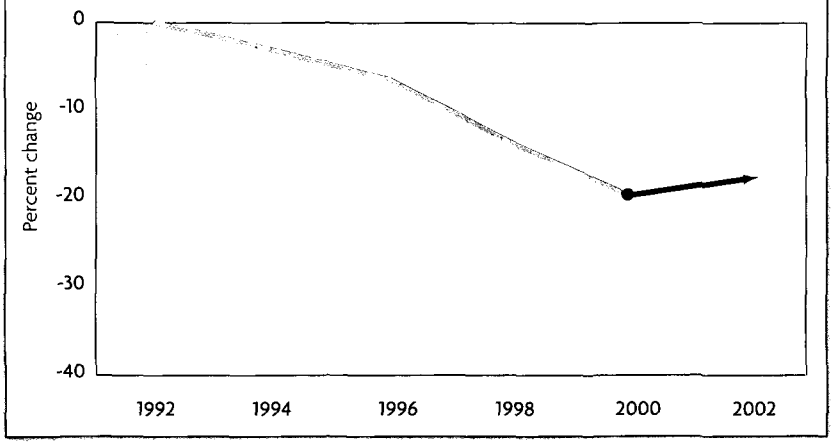
| *by* **José Cerda III**

During the Clinton administration, fighting crime was a top priority. The president invested heavily in state and local crime-fighting efforts, like hiring more police officers and expanding community policing. Crime plummeted dramatically—nearly 20 percent—to its lowest level in a generation. Murders, which had skyrocketed to an all-time high, dropped by more than 30 percent. In short, a wave of crime and violence that had plagued our communities since the mid-1980s was reversed.

But the Bush administration has put the fight against crime on the back burner. Bush has cut funds for state and local law enforcement—repeatedly zeroing out funds for the same police hiring programs that helped drive down crime during the 1990s. His policies have forced many police departments—already hamstrung by the worst state and local budget crises since World War II—to reduce the size of their police forces and pull back on their community crime fighting efforts.

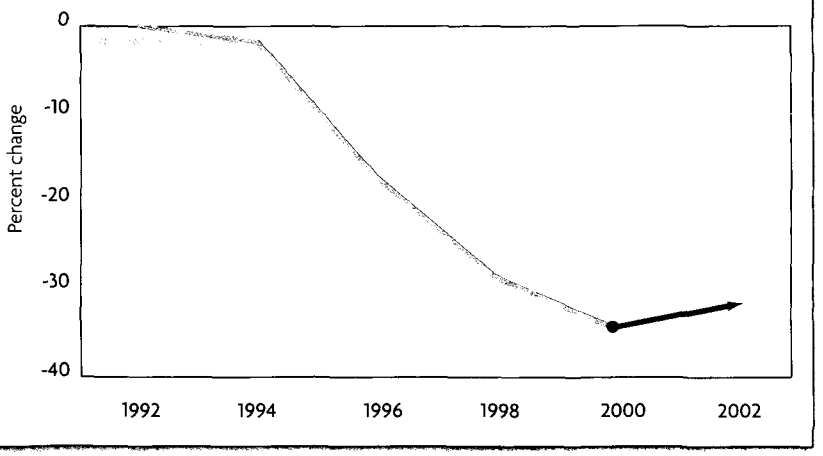
Not surprisingly, crime has started to rise again. Between 2000 and 2002, serious crimes reported to police rose by 2.3 percent. Murders and motor vehicle thefts, which are almost always reported to the police and are among the most accurate measures of crime, have increased by even more (4 percent and 7.4 percent, respectively). Under President Bush and his policies, the era of falling crime rates, it seems, is finally over.

After declining steadily during the 1990s, serious crimes have increased 2.3 percent since 2000.



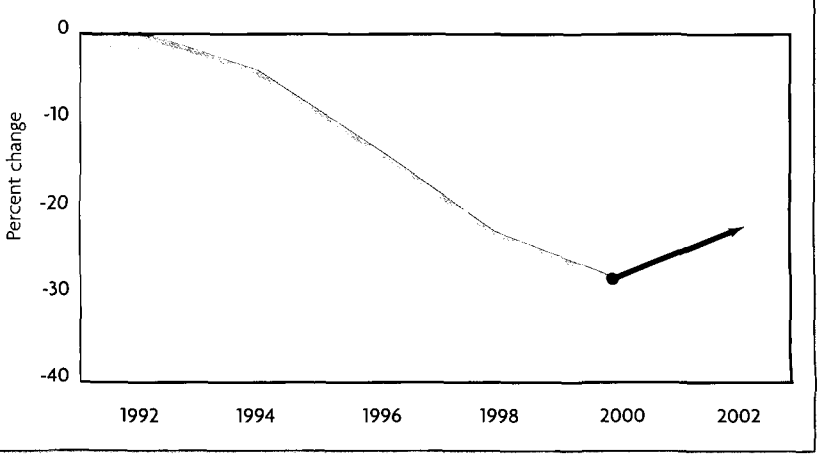
SOURCE: FBI Uniform Crime Reports

Murders are up nearly 4 percent.



SOURCE: FBI Uniform Crime Reports

Motor vehicle thefts have jumped 7.4 percent.



SOURCE: FBI Uniform Crime Reports

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Froth

The latte quotient is a bad strategy for building middle-class cities.

| *by* **Joel Kotkin** *and* **Fred Siegel**

Like smokers seeking a cure from their deadly habits, city politicians and economic development officials have a long history of grasping at fads to solve their persistent problems and rebuild middle class cities. In the 1960s and 1970s, the fad was for downtown malls. In the 1980s, it was convention centers and sports stadiums. But none of the fads came close to living up to their lofty billings.

Today, a new fad is bewitching urbanists and pols alike. Known as the "creativity craze," it promotes the notion that "young creatives" can drive an urban revival. It is a belated extension of the New Economy boom of the late 1990s. As with the idea of a New Economy, there is some merit to the focus on creativity. But as we learned from the dot-com bust that followed the boom, even the best ideas can be oversold.

Long before the current craze, Robert D. Atkinson of the Progressive Policy Institute wrote, "The ticket to faster and broader income growth is innovation." And one of the keys to innovation, he noted in describing his Metropolitan New Economy Indexes, is the ability to attract talented and innovative people. But he also emphasized the importance of school reform, infrastructure investments, work force development partnerships, public safety, and reinventing—and digitizing—city government. All these critical factors have been widely ignored by those who've discovered the magic bullet of "creative" urban development.

The new mantra advocates an urban strategy that focuses on being "hip" and "cool" rather than straightforward and practical. It is eagerly promoted by the Brookings Institution, by some urban development types, and by city pols from both parties in places like Cincinnati, Denver, Tampa, and San Diego. It seeks to displace the Progressive Policy Institute's New Economy Indexes with what might be called a "Latte Index"—the density of Starbucks—as a measure of urban success. Cities that will win the new competition, it's asserted, will be those that pour their resources into the arts and other cultural institutions that attract young, "with-it" people who constitute, for them, the contemporary version of the anointed. Call them latte cities.

But, like all the old bromides that were supposed to save America's cities, this one is almost certain to disappoint. Based partly on the ideas in Carnegie Mellon professor Richard Florida's book, *Rise of the Creative Class*, the notion of hip *über alles* reminds one of the confectionary world of earlier gurus such as Charles Reich, author of *The Greening of America*, and John Naisbitt, author of *Megatrends*. Both promised a largely painless path to a brave new world, but both now are largely forgotten.

It's not surprising that after 50 years of almost uninterrupted middle class and job flight to the suburbs—even with the partial urban revival of the 1990s—urban officials might be tempted to clutch at straws. The appeal of such fads is plain to see. They seem to offer a way around the intractable problems of schools that fail to improve, despite continuous infusions of money; contentious zoning and regulatory policies that drive out business; and politically hyperactive public-sector unions and hectoring interest groups that make investment in cities something most entrepreneurs studiously avoid.

The "creative solution" pointedly avoids such hurdles, suggesting that the key to urban resurgence lies in attracting the diverse, the tolerant, and the gay. Having such a population is well and good, but unlikely by itself to produce a revival, let alone a diversified economy. Those most outspoken about such a culture- and lifestyle-based urban revival have all the heady passion of a religious movement; indeed, they've organized themselves into something called the Creative Class. One hundred of them—they called themselves the "Creative 100"—met in Memphis last spring to lay out their principles in a document called the Memphis Mani-

"It's **not surprising** that after 50 years of almost uninterrupted middle class and **job flight** to the suburbs—even with the partial **urban revival** of the 1990s—urban officials might be tempted to **clutch at straws**."

Joel Kotkin is a senior fellow at the Davenport Institute for Public Policy at Pepperdine University. He is writing a history of cities for Modern Library. **Fred Siegel** is a professor at The Cooper Union and culture editor of BLUEPRINT.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

festo. Their mission, it reads, is to "remove barriers to creativity, such as mediocrity, intolerance, disconnectedness, sprawl, poverty, bad schools, exclusivity, and social and environmental degradation." The 1934 Soviet constitution couldn't have said it better.

This is an urban strategy for a frictionless universe. There is no mention of government or politics or interest groups. There's no recognition of the problems produced by outmoded regulations, runaway public spending, or high taxes. Instead we get the following froth: "Cultivate and reward creativity. Everyone is part of the value chain of creativity. Creativity can happen at any time, anywhere, and it's happening in your community right now."

Why do supposedly serious people embrace such ideas? After decades of decline and often fruitless political combat, mayors, city councils, and urban development officials seem ready to embrace any notion that holds out hope without offending the entrenched constituencies that resist real reform.

"The economic development people will buy anything that makes it seem easy," suggests Leslie Parks, former chairwoman of the California Economic Development Corp. "They see a schtick that requires few hard choices, and they bought it."

Parks traces much of the current enthusiasm for the "creative" strategy to the late 1990s dot-com boom. In this period, there was a palpable economic surge in certain cities—San Francisco; Portland, Ore.; Seattle; Austin, Texas; New York—that also attracted bright, "creative" young people, and, incidentally, many gays. These are the cities that Florida and his acolytes have held up as models for other towns.

Yet virtually all these places have been hemorrhaging jobs and people since the boom busted. San Francisco, according to economist David Friedman, has actually lost employment at a rate comparable to that of the Great Depression. Roughly 4 percent of the population has simply left town, often to go to more affordable, if boring, places, such as Sacramento. San Francisco is increasingly a city without a real private-sector economy. It's home to those on the government or nonprofit payroll and the idle rich—"a cross between Carmel and Calcutta," in the painful phrase of California state librarian Kevin Starr, a San Francisco native.

LATTE ÜBER ALLES: In their zeal to foster creative communities, planners have let hipness—and the Starbucks density—displace the nuts and bolts of governance.

As for the others, they are no bargain either. Seattle has also lost jobs at a far faster rate than the rest of the country and has its own litany of social problems, including a sizable homeless population; the loss of its signature corporation, Boeing; and growing racial tensions.

Although Portland is often hailed as a new urban paradise, it is in a region suffering very high unemployment. "They made a cool place, but the economy sucks," notes Parks, who conducted a major study for the Oregon city. "They forgot all the things that matter, like economic diversification and affordability."

New York City has also suffered heavy job losses. Gotham's population outflows, which slowed in the late 1990s, have accelerated, including in Manhattan, the city's cool core. In contrast, New York's relatively unhip suburbs, particularly those in New Jersey, quietly weathered the Bush recession in fairly fine fettle.

Today, economic growth is shifting to less fashionable but more livable locales such as San Bernardino and Riverside Counties, Calif.; Rockland

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

County, N.Y.; Des Moines, Iowa; Bismarck, N.D.; and Sioux Falls, S.D.

In many cases, this shift also encompasses technology-oriented and professional service firms, whose ranks ostensibly dominate the so-called "creative class." This trend actually predates the 2000 crash, but it has since accelerated. Since the 1990s, the growth in financial and other business services has taken place not in New York, San Francisco, or Seattle, but in lower-cost places like Phoenix; Charlotte, N.C.; Minneapolis; and Des Moines.

Perhaps more important, the outflow from decidedly un-hip places like the Midwest has slowed, and even reversed. Employers report that workers are seeking more affordable housing, and, in many cases, less family-hostile environments.

To be sure, such cities are not without their share of Starbucks outlets, and they have put great stress on quality-of-life issues—like recreation and green space—that appeal to families and relocating firms. But the watchword is livability, not coolness. "It's gotten very easy to get workers to relocate here," notes Randy Schilling, founder and CEO of Quilogy, a St. Louis-area technology company. "You get a guy here from Chicago, New York, and San Francisco, and even if he gets a pay cut, he and his family lives better."

There is, fortunately, an alternative to a hollow urban politics that relies mainly on the hip and the cool. Such a politics lies not in trendy ideas that will be forgotten a decade from now, but in commonsense policies that stress basic services like police and firefighters, innovative public schools that are not beholden to teachers' unions, breaking down of barriers to new housing construction, and policies that lead local businesses to expand within the urban area. It's a politics that, to paraphrase the great urbanist Jane Jacobs, seeks not to "lure" a middle class with bars, bells, and whistles, but instead aims to create one at the grassroots level.

That's the kind of "creativity" that cities, and Democrats, really need to embrace. ◆

Blues

Narrow fringe groups are strangling New York politics. By rejecting nonpartisan elections, they've depressed turnouts, driven up city labor costs, and catered to the public sector unions.

| *by* **Fred Siegel**

arrow partisan interests—public sector unions, in particular—have a chokehold on New York City's political system. They dominate the local Democratic Party, and in a city as politically "blue" as New York, that means they can influence most of the electoral process. They thrive by intentionally demobilizing the rest of the electorate, so that the only people who turn out to vote work, directly or indirectly, for government. And they have been spectacularly successful in that enterprise: Just 3.5 percent of eligible voters turned out to vote in September's primary—a number that rose to all of 12 percent for the November election.

Such abysmal political participation is a tragic thing on its face, but it was doubly tragic in the case of the September primary, because if more people had voted, the city might have been able to enact a reform measure that could have gone a long way toward fixing the system.

On the ballot was a referendum to institute a version of nonpartisan elections similar to open primaries. The measure was bitterly opposed by interest groups on both ends of the political spectrum, because it would have loosened their grip on the political parties by opening up primaries to all registered voters, not just party members. Candidates for office would have had to start appealing to broad cross sections of voters to win nominations, instead of just catering to a single bloc of interest groups.

Eight of the 10 largest cities in the country—and 41 of the 50 largest—have adopted similar nonpartisan rules for similar reasons. But the measure went down to a resounding defeat in New York, 70 percent to 30 percent, because the only people voting when it was on the ballot were those who stood to lose the most under the proposed reform.

The defeat of the referendum, which had been championed by Democrat-turned-Republican Mayor Michael Bloomberg, signaled the unhappy end of an era of reform that lasted for much of the 1990s. In those years, with President Clinton in the White House and Mayor Rudolph Giuliani in New York's Gracie Mansion, there were cooperative public innovations on welfare and crime. But now New York, like the rest of the country, suffers from hardening political polarization: Those on the ideological fringes behave as if they're in armed camps, and the large swath of the electorate in the middle is left out entirely.

From May through October, I served as a member of a New York City Charter Reform Commission convened to consider ways to stem the collapse of political participation. The commission, appointed by Bloomberg, was chaired by former Schools Chancellor Frank Macchiarola, a Democrat. Nine of the 11 members he appointed, including me, were Democrats.

Fred Siegel is a professor at The Cooper Union and culture editor of BLUEPRINT.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The reasons for forming the commission were confirmed by the outcome of the September primary. Few people turned out, in large part because there was little to vote for. In 28 of the 51 council districts, the incumbent ran unopposed. But even in the districts where there were challengers, all the incumbents were easily re-elected. Looking only at districts where there was a contest, the turnout rose to 5.5 percent. In the absence of a viable Republican party, all of those primary winners went on to easy victories in November, winning an average of 83 percent of the votes of the whopping 12 percent of eligible voters who turned out. In a year in which a councilman was assassinated by a would-be officeholder, the ugly reality is that incumbents were as likely to be murdered as defeated in New York.

Before the election, our commission held hearings for three months. A long line of incumbent officials from state Democratic Party Chairman Denny Farrell to New York City Council Speaker Gifford Miller offered their vehement opposition to the idea of nonpartisan elections. Time and again they spoke of how such a system would produce multibillionaire mayors and extremists. These were odd arguments, considering the existing system gave us Bloomberg and perennial political power player Al Sharpton.

But the real issue is the local Democratic Party's uncanny ability to undermine the public's will to participate in the system, in part by throwing challengers off the ballot and making elections meaningless. It is telling that, while just 2 percent of the nation's population lives in Gotham, the city manages to generate more than half of the country's ballot access lawsuits.

Nationally, the rise of public-sector unions is reflected in the marriage of ambition between Howard Dean and Dennis Rivera of the powerful local hospital workers union, known as 1199. Rivera's union is affiliated with the Service Employees International Union, which endorsed Dean. In New York City, this influence is seen in the way public-sector unions have been given a pass in the city's economic downturn: While Bloomberg and Miller have imposed the highest property tax increases in New York history—increases that threaten to erode the homeownership gains of the 1990s for low-income families—the cost of the city's labor force has risen by 20 percent, or $4 billion, in the past two years.

Nonpartisan elections, which wouldn't have taken place until Bloomberg is out of office, offered a way out of that sort of interest-group favoritism. The proposed rules promised to empower moderate Democrats, who could have emerged as players in a system where the top two finishers in open primaries would have moved on to general election run-offs. But the idea was opposed, not just by both major parties, but also by the left-wing Working Families Party and the right-wing Conservative Party.

In the wake of the California carnival, party chairman Farrell and his allies argued that nonpartisan elections were part of a vast right-wing conspiracy that began with the Florida recount, went on to the California recall and was culminating in the latest Republican coup against democracy, the city referendum on nonpartisan elections. Never mind that the Republican Party and its newspapers, the *New York Post* and the *New York Sun*, fought reform ferociously. Those papers feared that while nonpartisanship might be good for New York, it would be bad for the Republican Party nationally, because it might produce a general election that pitted two Democrats against each other.

The opposition to reform, left and right, was abetted by the fecklessness of Bloomberg, who insisted on placing the issue on the ballot in an off year, producing the crushing 70-30 defeat. Had Bloomberg, who still hasn't completed his on-the-job training, waited for next year's general election, when the turnout is usually more than four times as high, the outcome probably would have been different.

The upshot of the failed referendum has been to weaken Bloomberg and empower the left wing of the Democratic Party and its key ally, the Working Families Party (WFP). Third parties play a major role in New York: Giuliani's margin of victory in 1993 and Bloomberg's in 2001 came from the votes they received from third parties. The most powerful third party was once the Liberal Party, which, despite its name, had become moderate.

But the new power in town is the Working Families Party, which is largely funded by Rivera's Local 1199 of the SEIU. Thirty-three Democrats on the council were cross-endorsed by the WFP, which also succeeded in winning the one open seat created by the assassination of Councilman James Davis. It was the first victory of a candidate running only on a third-party ticket in 30 years.

Under the new constellation, the WFP agenda of expanding the living wage, rolling back welfare reform, and constraining charter schools can only gain traction. The city is once again in the hands of the interest groups that nearly destroyed it in the years of Mayors John Lindsay and David Dinkins. Together, they and party ideologues have brought the curtain down on Gotham's era of urban reform.

The Charter Reform Commission went out of business without changing anything. It might as well not have been convened in the first place. ◆

The **opposition** to reform, left and right, was abetted by the **fecklessness** of Bloomberg, who insisted on placing the issue **on the ballot** in an off year, producing the **crushing** 70-30 defeat.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Bottom-up wars

Some cultural issues are top-down, like affirmative action and gay marriage. Others come up from the grassroots, like faith, family, and country. That's where Democrats could have an advantage.

| *by* **Alan Wolfe**

Although Americans tend not to like culture wars, political activists invariably do. Issues such as abortion, affirmative action, and prayer in public places mobilize political bases, help raise money, and inspire political passion. And with some exceptions—such as the effort to impeach and convict President Clinton—cultural issues typically benefit the Republicans, helping them to energize their base and to paint liberals as out of touch with the concerns of ordinary people.

But before President Bush breaks out the champagne, we ought to recognize that there are two different kinds of cultural issues in American politics—as well as two different sets of beneficiaries. Let me call them top-down and bottom-up cultural issues.

Top-down cultural issues rarely emerge from the lives and concerns of ordinary people but are of deep importance to political, ideological, legal, theological, and fund-raising elites. Affirmative action is the quintessential top-down cultural issue. Most Americans are not sympathetic to quotas. This even includes African-Americans, as the political scientists Paul Sniderman and Thomas Piazza have demonstrated. Their study showed that, "forced to make a choice between two applications for college, one black and one white, blacks overwhelmingly believe that the one who did better on the admission test should be the one that is admitted."

But university admissions officers, African-American politicians, and liberal foundations, while denying that affirmative action involves quotas, are in favor of admissions procedures that allow colleges to accept African-American applicants whose grades and SAT scores are lower than those of many white applicants who are rejected.

This gap between elite opinion and popular sentiment creates enormous political difficulties for the Democrats, for it puts them in the position of choosing between the activists in the party base and the concerns of large voting blocs. Whenever an issue like this takes front stage in a political campaign, Republicans can run as populists and accuse their opponents of being elitist.

Yet affirmative action will not be an issue in 2004, thanks to the U.S. Supreme Court generally and Justice Sandra Day O'Connor specifically. In *Grutter vs. Bollinger* and *Gratz vs. Bollinger*, the court rejected mathematical quotas but allowed race to be a factor in college admissions, thereby discovering the common ground on affirmative action that political elites have been unable to find.

The political importance of this fact can hardly be exaggerated. Race, after all, was the first wedge issue of contemporary politics, the one that could—and did—swing white Democrats over to the Republican Party. Now that Republicans appeal to diversity as much as Democrats, neither party in the 2004 presidential election is going to engage in racial demagoguery.

As the courts take away, however, the courts also give. While matters involving race are unlikely to be wedge issues in 2004, those involving gays inevitably will be. The Supreme Judicial Court of Massachusetts offered the Republican Party a gift by ruling that the state is barred by its constitution from prohibiting marriage between homosexuals. This is not a Republican Party in the habit of turning gifts down.

Whatever the legal and constitutional merits of the court's decision—I find its reasoning compelling, even eloquent—there are at least three ways this issue can benefit the Republican Party. The first is that it enables Republicans to mobilize conservative religious believers. Even while national leaders like Bush will avoid language that reeks of intolerance in reacting to the Massachusetts decision, the Republican influence industry of talk shows, magazines, and Christian commentators will claim that the decision threatens the future of Western civilization.

Second, the issue of gay rights enables Republicans to appeal to culturally conservative minority groups, especially African-Americans and Latinos. The former not only tends to register strong opposition to homosexuality, it also often resents comparisons between the struggles for civil rights and the arguments

> **Alan Wolfe** is professor of political science and director of the Boisi Center for Religion and American Public Life at Boston College.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

made on behalf of gay rights. And Latinos, overwhelmingly Catholic, may be inclined to follow the Church's teachings on homosexuality, which unambiguously condemn gay marriage.

Third, the fact that it was a Massachusetts court that issued this ruling will remind both parties of the red state/blue state divide in the 2000 presidential election. Massachusetts has an all-Democratic congressional delegation, is the home state of Sen. Ted Kennedy, and is the only state that voted for George McGovern for president in 1972. (McGovern also won the District of Columbia.) Republicans will be sure to tell the country that a state so liberal cannot be allowed to make policy for the rest of America, especially if other states find themselves forced to recognize homosexual marriages conducted in gay-friendly Provincetown.

The gay rights issue is not a completely free gift for the Republicans. If they use the issue, they will have to argue against marriage for those who want it, oppose the right of states to experiment in matters of public policy, defend governmental interference with private decisions, and allow Democrats to raise the specter of intolerance that showed itself during the Clinton impeachment. Still, the issue reminds us that top-down cultural concerns still matter. (Not only will gay rights be an issue in 2004, abortion may well be one as well, given the passage of a bill outlawing "partial-birth" abortions.)

At the same time, however, alongside the old issues in the culture war has arisen a set of concerns that do not easily fit into the political patterns with which we have become familiar. Bottom-up issues, as I call them, touch on matters individuals care about greatly: their faith, their families, their country. And while each of those issues sounds like it belongs on Republican terrain, Democrats, in fact, have major advantages because of Republican extremism.

Consider families first. Unease with Clinton's adulterous behavior certainly helped Republicans appeal to family values in the 2000 election. But in the past year or so, we have seen enough examples of Republicans engaging in less than perfect moral behavior to undermine any lingering sentiment that one party is more moral in its choice of leaders than the other. Charges of improper behavior toward women did not hurt Arnold Schwarzenegger's campaign for California governor, but having a Republican governor of the country's largest state whose views on hot-button moral issues are moderate and even liberal will make it difficult to charge Democrats with abandoning traditional values.

And the fact that William Bennett and Rush Limbaugh experienced problems with gambling and drugs led a number of conservatives to argue that we should be tolerant and understanding toward them. Perhaps we should, but once the language of forgiveness enters politics, the language of finger-pointing blame exits. Bush himself, no doubt, will continue to be perceived as a good family man in 2004. But assuming that the Democrats also nominate a man who loves his wife and cares for his children, it is hard to imagine anything like the 2000 Clinton subplot repeating itself in 2004.

There is further cause to believe that family issues need not work against Democrats in 2004. Americans worry that widespread divorce and a decline in the authority of parents make it difficult to bring up children. They are right to worry. But a lack of jobs, the pervasive appeal to sex and violence in the mass media, widespread gambling, and easy access to drugs, including abuse of the pharmaceutical variety, also increase the difficulty of parenting. Republican policies that give tax breaks to the wealthy at far greater rates than the middle class, allow the media free rein to dominate the airways as they choose, and weaken the ability of government to engage in responsible regulation are not family-friendly.

Why would Republicans, who claim to stand so strongly on behalf of the family,

Gay marriage—wedge issue?

Americans are divided on gay marriage. Overall, 59 percent oppose it while 32 percent favor it. Among Republicans, the opposition leaps to 78 percent; among frequent church-goers, it's 80 percent. But Democrats are more ambivalent: only 48 percent of Democrats oppose gay marriage, while 46 percent favor it. This could be a gift to Republicans seeking wedge issues in 2004.

Allow gays and lesbians to marry legally

Favor	32%
Oppose	59
Don't know	9

Percentage according to presidential preference in 2004

	Bush	Dem.	Unsure
Strongly favor	2%	14%	4%
Favor	13	32	27
Oppose	25	23	23
Strongly oppose	53	25	30
Don't know	7	6	16

SOURCE: The Pew Forum on Religion & Public Life

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

advocate policies that weaken the ability of parents to raise healthy and well-balanced children? The answer, interestingly enough, is that they have put themselves in a position strikingly similar to Democratic exposure on yesterday's cultural issues. Intent on rewarding contributors to their campaigns, Republicans have chosen to side with elites over the concerns of ordinary citizens. Whether Democrats can take advantage of the resulting policy distortions is a political question, but there is no doubt that the opportunity to do so exists.

Much the same is true of issues involving faith. Americans, compared with the citizens of any other wealthy liberal democracy, believe in God in overwhelming numbers. As writer Amy Sullivan has persuasively argued, the failure of Democrats to honor the faith commitments of Americans often puts them at a disadvantage. At the same time, however, the God in whom most Americans believe is not in exclusive possession of the truth, is tolerant toward people of other faiths, and is rarely severe in his condemnation of sinners. Not even evangelical Protestants, who form the core of Bush's electoral base, resemble these days the ignorant and dogmatic Christians portrayed in a film like "Inherit the Wind."

Alas, American society has in recent months witnessed public figures who act as if they had just stepped out of the script of that movie. None is more important than Lt. General William Boykin, deputy undersecretary of defense for intelligence, who denounced Muslims for their belief in a false God. Although Boykin's intolerance is clearly harmful to U.S. efforts to win friends in the Muslim world, Bush, while criticizing his remarks, refused to remove him from his sensitive and important position.

Just as Democratic politicians in the past worried about negative reaction from pro-choice groups like NARAL, Bush has to be concerned that doing the right thing for our foreign policy would cost him support among those ideological extremist interest groups or newspaper columnists that claim (often without evidence) to represent the views of ordinary church-going evangelicals.

Boykin's extremism, and the failure of Republican politicians to distance themselves meaningfully from his bigotry, will undermine efforts by the Republicans to appeal to Muslim voters, whose support they generally won in 2000. Such extremism, however, can and should increase Republican vulnerability among all people of faith.

Although many liberal Democrats tend to forget it, evangelicals, even very conservative ones, believe in separation of church and state; among Baptists, for example, such separation is a founding doctrine of the faith. It is, moreover, a crucial feature of the ways evangelicals evangelize that one can never force another person to discover the joy of Jesus; conversion must, to be authentic, also be voluntary. Democrats should remember that we live in a nation under God, not a nation under Jesus, Allah, or any other specific deity. They should use the 2004 election as an opportunity to bring religion into politics and to kick intolerance out.

Finally there is, as there has to be, the question of country. After Sept. 11, Americans are unlikely to vote for a presidential candidate they perceive as insufficiently patriotic and unwilling to deploy American troops in defense of their security. But Americans are also mature enough in their patriotism to recognize that wars can be costly, both in terms of lives lost and in terms of money spent. There is no question that, whatever the costs, Americans do not want their leaders to cut and run from a place like Iraq. Yet Bush, in his approach to global security, rarely asks for sacrifice, fears acknowledging the difficulties he encounters, and tries to cover up his mistakes.

Now Democrats have an opportunity to make the case for national security by claiming that Republicans have not gone far enough. If security proves to be expensive, as it no doubt will, Democrats have to be prepared to argue that their approach to fiscal policy is more morally and culturally responsible, and more likely to find ways to pay for it.

The deep cultural divisions in our country can be troubling, especially when they are shrilly aired on cable television and in books with inflammatory titles. When our cultural issues were put on the table from the top down, there was all too little national debate. Knowing that their positions on affirmative action or abortion were unpopular among wide swatches of the electorate, liberals relied on the courts to achieve what they were unable to win in the court of public opinion. Gay marriage fits snugly into this pattern.

In retrospect, this approach was a mistaken strategy for which Democrats suffered greatly, for in relying on the courts to make policy, Democrats lost the fine art of convincing voters through the democratic process of the validity of their beliefs.

Now the shoe may be on the other foot. With cultural and moral concerns trickling up from ordinary people and not down from ideological elites, Republicans are the ones who find themselves reverting to their extremist base. Knowing full well that their views, if fully aired, would offend the centrist and moderate instincts of the American people, the administration nominates judges like Miguel Estrada, who never allowed his views to appear in print.

For the same reason, the administration has developed a fetish for secrecy in government and, when secrecy is impossible, it hides its true intentions by making claims that have little relationship to reality. Like the efforts of liberals of a previous era to rely on courts and administrative agencies to fashion policies that had little widespread support, the Bush administration understands that the American people, if given an honest choice, would reject its ideologically extremist policies. It has thereby conceded to Democrats the center. Democrats would be foolish not to grab it. ◆

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Ideas still matter

f [Dean's] got a positive program, no one knows what it is," says Clinton's former chief of staff John Podesta, who has started a liberal think tank. "If you look at who's got the best stuff out there, it's (John) Edwards. But who knows, and who cares?"

—TIME Magazine

Who cares, indeed? It was deep inside *The Washington Post* that I recently saw the headline, "Fewer Single Mothers in Poverty, Report Says." This obscure item, no bigger than a classified ad, cited a Census Bureau report that poverty among single mothers had fallen by a stunning one-third from 1993 to 2001. The story credited the work requirements and child support provisions of the 1996 welfare reform law as the main reason for the decrease.

Buried though it was, the tale of single mothers' heroic response to welfare reform is one of the greatest success stories in the history of social policy. Even so, the *Post* blurb left me with a twinge of sadness at how much is left to do, and how little we're doing. If the first three years of the Bush presidency and the past year of the Democratic presidential race are any indication, the era of solving big problems is over.

George W. Bush came into office with big promises. He pledged to change the tone in Washington, as the first Republican to pursue a domestic agenda since Richard Nixon. Americans crossed their fingers that perhaps, at long last, both parties might compete not simply to win elections, but to solve problems.

Unfortunately, Bush and his party were more interested in causing problems than solving them. The 2001 tax cuts destroyed any hope of a sustained effort to improve America's schools, solve the health care crisis, or finish the job of helping the underclass reach the economic mainstream. Bush promised a new war on poverty, but fought instead for trillions in tax relief for the rich. He let welfare reform and his own faith-based initiative languish in Congress. Bush feigned support for national service after 9/11, then let conservatives gut it. He even lost interest in the poster child of his domestic agenda—education reform—not bothering to find the money to make his own signature initiative work.

Compassionate conservatism was supposed to usher in a new era of Republican interest in domestic solutions. Instead, it turned out to be the ultimate con—fooling swing voters into thinking Bush was no Newt Gingrich, while winking to conservatives that in truth, he was just a smoother version. From prescription drugs to energy policy to stem cell research, Bush's domestic agenda is aimed at placating interests, not at addressing underlying problems.

Republicans at least have an excuse for not offering a coherent domestic vision: They don't really believe the purpose of government is to solve problems. Democrats have no such excuse. Solving problems is our reason for existence. It's what we do.

By that measure, Democrats have wasted the Bush years almost as much as he has. Democrats lost the tax cut battle in 2001 and the midterm elections in 2002 by choosing not to put forward a compelling alternative vision. This past year, some Democrats repeated the mistake by talking endlessly about how much they wanted to beat Bush, and scarcely at all about what they would do for the country if that happened.

So far, the Democratic nominating process has done more to confirm than rebut Americans' impression that Democrats have no agenda. Several candidates—Edwards, Clark, Lieberman, Kerry, Gephardt—have tried valiantly to make the nomination a contest of ideas. But the front-runner, the press, and the party regulars seem to have dismissed ideas as an artifact from ancient times before we had the Internet.

Before we consign ideas to the dustbin of history by ranking them behind money, turnout, endorsements, attack ads, and email addresses, we ought to remember why we decided to be Democrats in the first place. It wasn't to stop Republicans, hate conservatives, or serve our own interests with the same intensity and selfishness as the Republicans serve theirs. Most of us chose the Democratic Party because we wanted to roll up our sleeves and get to work trying to give every American the opportunity to build a better life.

Millions of single mothers got the chance to lift themselves out of poverty in the '90s, not because Democrats outmaneuvered Republicans in 1992, but because Bill Clinton made big ideas like welfare reform his mission, from the first day of his campaign to his last day in office. If we don't campaign for our best ideas now, we'll never find our way back to power, and we wouldn't do the country much good even if we got there.

Thanks to George W. Bush, America still has plenty of problems. We'd be a lot better off if at least one political party got back into the business of solving them.

Bruce Reed, President Clinton's former domestic policy adviser, is president of the DLC.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The era of big government is back

Republicans are spending like drunken sailors. Interest on the debt could become bigger than Medicaid, Medicare, and Social Security.

| *by* **Jeff Lemieux**

December 2003 ended with a big-spending bang in Washington. President Bush signed an unfunded Medicare drug benefit that could cost $2 trillion over the next two decades. Meanwhile, Congress prepared an "omnibus" spending bill that broke new ground in bloated appropriations and pork-barrel largess.

extras New Democrats Online NDOL.org Search: The "W" Economy

Add tax cuts, and the result is massive federal deficits and a huge run-up of the national debt. On the current budget trajectory, interest on the debt is poised by 2030 to become the largest federal "entitlement," costlier than Social Security, Medicare, or Medicaid (*see Figure 1*). Unless we take action to re-balance the federal budget, these costs will crush the next generation of taxpayers.

A key question is, will rapid economic recovery bail out the federal budget? GDP growth hit a stunning 8.2 percent in the third quarter of 2003, as people cashed their tax refund checks and bought cars and houses with gusto. That surge in growth and production will boost the economy for several quarters to come. It almost certainly signals an end to the long deterioration of the jobs market.

But ultra-rapid economic growth won't bail out the federal budget. Even if GDP growth averages 4 percent throughout the next decade (a 10-year growth rate that hasn't been achieved since the 1960s), the budget will remain in deficit (*see Figure 2*).

Nobody wants to end the tax cut and big-spending party now, but the inevitable debt hangover is going to be very unpleasant. ◆

Figure 1. Four Big Entitlements

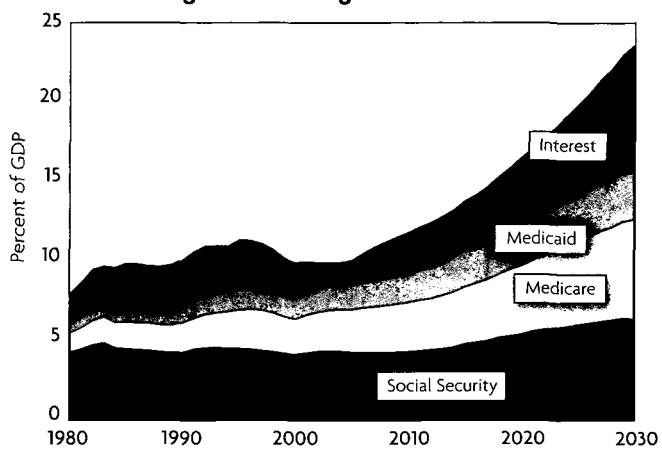
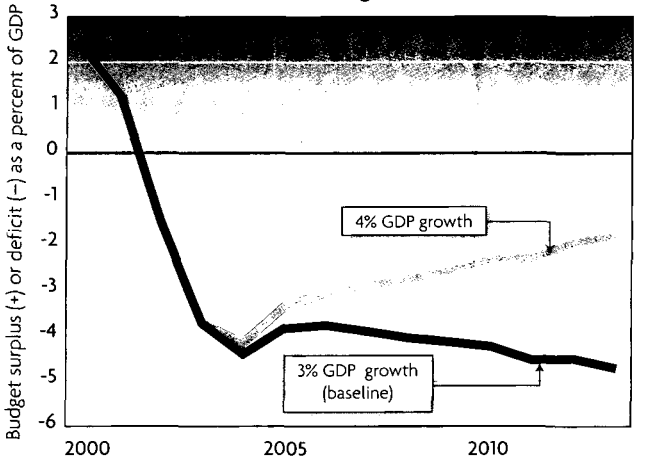


Figure 2. Rapid Growth Won't Solve the Budget Problem



Jeff Lemieux is senior economist at the Progressive Policy Institute and executive director of *Centrists.Org*.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Cyber piracy

Stealing off the Internet is not only illegal, it can cripple the future of e-commerce. That's why we must make it easier to buy content legally.

by **Shane Ham**

The history of consumer electronics technology has been a never-ending series of Chicken Little pronouncements about the demise of professional entertainment, all of which seem silly in retrospect. The recordable audiocassette was supposed to doom the record industry, but pop stars continued to flourish. The VCR was supposed to destroy Hollywood, but ended up as a multibillion-dollar flood of new revenue streams and business models.

Thus it is easy to dismiss recent predictions that "peer-to-peer" software, which allows Internet users to download virtually any kind of media for free, will condemn artists to poverty forever. But there is reason to believe that this time, Chicken Little might have a point. Internet distribution of digital copies goes way beyond the guy at the swap meet with a box full of bootleg tapes. We are now facing a problem the world has never seen.

Of all the industries that have been changed by the rise of digital technology and the global Internet, few have been hit as hard as the "content" industries—the makers of music, movies, television programs, interactive software, books, photos, and periodicals. The Internet has made global distribution of content easier than ever, and it holds the ultimate promise of slashing costs by reducing the role of middlemen who produce, distribute, and sell physical copies. Unfortunately, the digital era also has a serious downside for content producers: It has made it easier than ever for consumers to get access to content without paying for it.

Digital copying of intellectual property is poised to do major damage to the content industries. Global sales of recorded music, for instance, fell 8 percent in 2002 alone. The recording industry has been hardest hit thus far because digital song files are small enough to transmit quickly. But peer-to-peer networks such as Kazaa and Morpheus now contain every conceivable kind of content: films, television programs, software, even the latest Harry Potter novel.

The vexing part is that this piracy is not a massive criminal conspiracy, but rather the collective actions of millions of otherwise law-abiding Internet users who have grown accustomed to the culture of free Internet content. Many people have a hard time distinguishing between the vast amount of free content—music, video games, other programs—and the illegally pirated content.

This is not merely a battle between giant media conglomerates and a group of cyber-libertarians who want to rethink copyright law. Widespread Internet piracy seriously harms the artists (both the famous and struggling) who create content, as well as the technicians—sound engineers, editors, set designers, game programmers—who produce it. Rampant piracy also has serious economic implications beyond the lost revenue of the stealing itself. Fear of piracy has caused many content providers to resist making their products available for download over the Internet, which could save consumers millions of dollars by eliminating the middleman retailers. This resistance, in turn, has slowed the growth of broadband deployment and the digital economy, since many Internet users do not want to pay for high-speed access if they cannot use it to get movies, music, and television programs.

Of course, virtually every product sold to consumers is vulnerable to theft, which is why retail stores spend money to prevent shoplifting. Content is particularly vulnerable in the digital environment, however, because an infinite number of perfect copies can be made from just one original, and because those copies can be distributed to millions of Internet users around the globe at no cost.

If the content industries can't protect their intellectual property, there are two likely scenarios: One is a marked decrease in the production of high-quality content, as investors refuse to put money into a product that is sure to be widely stolen; the other is a tighter lockdown of content through encryption and other technologies that restrict consumer uses of content. Both of these scenarios punish law-abiding consumers along with the pirates. Protecting content will, of course, have costs and inconveniences, but the goal should be to place those burdens, to the greatest

Of all the industries that **have been changed** by the rise of digital technology and the **global Internet**, few **have been hit** as hard as the 'content' industries—the makers of music, movies, **television programs**, **interactive software**, books, photos, and periodicals.

Shane Ham is a senior policy analyst at the Progressive Policy Institute.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

EASE OF PURCHASE: If people could easily buy content from the Internet at reasonable prices, cyberpiracy would diminish.

extent possible, on the pirates themselves, rather than on law-abiding consumers as a whole.

It is possible, however, to hold piracy to a manageable level if two things happen together. First, the inconvenience of piracy and the risk of getting caught and punished for it must increase. This means that government and industry must cooperate to make it more difficult to put pirated content on the Internet and to make it more difficult for people to find and download.

Second, both public and private measures must be taken to make it easier for consumers to pay for the content they want to download. The recent stunning success of Apple Computer's iTunes service, which sold more than 1 million songs in its first week of operation, proves that consumers are willing to pay for content if it is easy to find, flexible to use, and reasonably priced.

Pursuing a public policy agenda that facilitates these two changes will lead eventually to a point where consumers feel it is worthwhile to pay for content rather than steal it. Reaching that point will have immense economic impacts as content providers stop resisting the digital revolution and embrace the Internet to sell music, movies, software, and other content directly to consumers. This will move us toward the truly desirable goal: an environment in which digitally transmitted content is widely available and the creators of content are fairly compensated for their efforts. Here are 10 steps we could take to reach this goal:

1. Congress should give industry time to develop standards for protecting digital content. Rather than rushing to impose deadlines for solving the piracy problems (or worse, creating government standards for copyright protection), the industry groups at work on the problem should be given an opportunity to complete the task under the watchful eye of Congress.

2. Once standards are developed, Congress should, if need be, mandate their implementation. A legal requirement to comply with copy protection systems will eliminate the incentive to create "piracy-enabled" machines to compete with computers, digital recorders, and other devices that conform to the industry-set standards.

3. Congress should impose criminal penalties for acts that lead to widespread copyright infringement, punishing not only the act of infringement, but also the steps leading up to infringement, such as acquiring in-the-clear copies without authorization or registering for peer-to-peer networks under a false identity to evade prosecution.

4. Congress should clarify the laws governing computer hacking to allow content producers to fool potential pirates with decoy files. Flooding peer-to-peer networks with annoying files disguised as sought-after content will make the process of piracy more difficult and encourage individuals to purchase their content legitimately.

5. Congress should not interfere with the ability of rights holders to identify and prosecute pirates. If online piracy is to be deterred, the rights holders must be able to identify the perpetrators and initiate legal action.

6. Government, industry, and educational institutions should work together to educate the public about piracy. Many people have an expectation that any information on the Internet is (or should be) free, and that expectation must be changed if online piracy is to be brought under control.

7. Federal and state laws should not discriminate against online sale and distribution of content. Protectionist laws that favor brick-and-mortar retailers will only slow the digital transition and encourage users to resort to piracy to acquire what they cannot get legally.

8. Congress, rather than the courts, should lead the debate on how consumers can use digital content. Excessive confusion over what consumers are permitted to do with purchased content ("Am I allowed to burn a copy for the car?") creates a gray area where the culture of piracy can flourish.

9. The government should not restrict innovative business models for making content available to consumers. New technologies will lead to new ways of selling content, such as self-destructing files, and the laws must not entrench analog-era notions that "buying" and "renting" content are always two different things.

10. The federal government should grant antitrust leeway to portal sites operated by content producers. Digital distribution will only work if it is simple for the average user. Just as portal sites have benefited consumers in the travel industry, the content industry should be allowed to join together, within strict limits, to make purchases as easy as possible.

Of course, no package of legislation and regulation will completely eliminate illegal distribution of content, any more than speed limits completely eliminate reckless driving. The goal must be to minimize the damage done by piracy. That goal will be met when the majority of consumers can say to themselves, "Why go through the hassle of stealing it when buying it is so easy?" ◆

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Stay and Win in Iraq

Are Dennis Kucinich and Donald Rumsfeld secret allies? You'd think the Democrats' most vocal peacenik and the GOP warlord would have little in common, but both seem to be in a hurry to get U.S. troops out of Iraq. Even with Saddam Hussein in the bag and awaiting trial, that's a bad idea.

If Rummy is from Mars, Kucinich is from Pluto. The longshot presidential aspirant wants to withdraw all our troops now and dump the whole mess on the United Nations. Rumsfeld's exit strategy is Iraqification—drawing down U.S. troops in this election year and handing off responsibility for security to hastily trained Iraqi forces.

If the U.S.-led coalition was merely mopping up Saddam's diehards, bringing some troops home would make sense. But the Pentagon announced its force reductions back in November, which turned out to be the bloodiest month of the conflict to date as 81 Americans were killed.

The escalating violence prompted facile and mostly misleading analogies between Iraq and Vietnam. But in one respect, the comparison is apt: The United States is once again waging a classic counterinsurgency campaign in a country whose culture seems worlds apart from ours. Like it or not, America is back in the business of winning hearts and minds.

How are we doing? On the plus side, Saddam's meek surrender to U.S. troops punctured his image as a latter-day Saladin, deprived the resistance of its most potent symbol, and slammed the door shut on a Baathist return to power. More prosaically, the coalition has restored electricity to much of the country, schools have reopened, and markets are bustling in Baghdad again. Coalition forces still face daily attacks but the body count tilts massively in their favor. And by agreeing to hand back sovereignty to a transitional Iraqi government as early as June 2004, the coalition has eased Iraqi's fears of an unending American occupation.

There's plenty on the minus side, but the big issue is security. Instead of petering out, as the Bush administration predicted, the insurgency seems to have grown in scope and sophistication. "Since September, resistance elements have appeared to be better directed, better organized and more capable, employing new weapons and new tactics," reports Jeffrey White, a former U.S. intelligence analyst now at the Washington Institute for Near East Policy.

What the United States needs now is not an exit strategy but a comprehensive counterinsurgency strategy. The key elements of such a strategy are more supple military tactics, more money, and more allies.

With Saddam on ice, the coalition should carefully calibrate its use of force to avoid injuring innocent civilians as well as Iraqis' sense of wounded national pride. The coalition also needs to do a better job of protecting Iraqis, not just itself. Crime is rampant, but what Iraq analyst Ken Pollack calls the U.S. military's "obsession with force protection" keeps too many troops off the streets. More joint street patrols by U.S. troops and newly trained Iraqi police would go far toward boosting Iraqis' confidence that life really is better in liberated Iraq. But that requires more troops, not fewer, and it means deploying them in ways that could raise the risk of U.S. casualties.

In fact, the coalition needs more of everything in Iraq: more light infantry, more bureaucrats, more reconstruction workers, more civil affairs officers, more linguists, and more intelligence agents. The most plausible way to meet these needs is to internationalize Iraq's reconstruction, so that we can tap the resources of other countries that have more experience in nation-building than we do. Instead, the administration is counting on Iraqis—just emerging from a quarter-century of totalitarian terror—to quickly do the job themselves.

Finally, counterinsurgency also means spending money to win influential allies, especially tribal sheikhs in the Sunni heartland who enjoyed special favors from Saddam. United States commanders on the ground say pumping money into the local economy can undercut the insurgents' appeal and save U.S. lives.

The administration has rightly made the democratic transformation of the greater Middle East the grand American project of the 21st century. That job starts in Iraq. If we fail here, our hopes for liberalizing the region will be stillborn. To create a stable, representative government in Baghdad, we need to show total commitment to quelling a motley insurgency that includes remnants of Saddam's security and intelligence services, disgruntled Sunnis, and foreign jihadists. Yet the timing of the administration's troop cuts seems dictated by the campaign calendar, not strategy.

America has about six months to break the resistance and give the new Iraqi government a fighting chance to survive. It would help if our leaders stopped casting anxious glances toward the exits. ◆

Will Marshall is president of the Progressive Policy Institute.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The primary journey

by **Kenneth S. Baer** || There is a nostalgic and almost voyeuristic pleasure in reading old newspapers. The daily journalist notes details and people often lost to history, highlights arguments that at the time seemed important, and links current events to an immediate past to provide a context that quickly will be overcome by the perspective of time.

It's the difference between reading a two-volume history of World War II and perusing The New York Times from 1939 to 1945. One will give you depth and perspective and link far-flung events into a coherent story. The other will offer the immediacy of the fight, and the emotions of the moment.

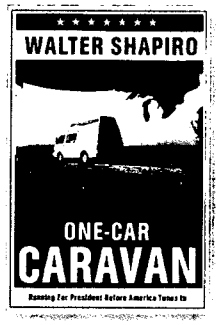
Walter Shapiro's *One-Car Caravan: On the Road with the 2004 Democrats Before America Tunes In* (Public Affairs, 2003), is an example of the latter. As the author admits, his book is not a "scholarly reference work or a dense study of the political process," but rather the "tale of one reporter's adventures with this season's political dreamers" before the first vote is even cast. It is a well-written, entertaining, and occasionally eye-opening tale of the jockeying for the Democratic presidential nomination.

Shapiro, a columnist for USA Today, makes his voice heard loud and clear throughout, turning *One-Car Caravan* into more of a blog than a book. The story is a familiar one to those who regularly read ABC News' "The Note" and National Journal's "Hotline." It's also familiar to those who have read the forerunner to Shapiro's book, Arthur T. Hadley's 1976 *The Invisible Primary*, a journalistic account of the run-up to that year's election campaign. That's when the term "invisible primary" was coined to describe "the period of political time between the election of one president and the start of the first state primary to determine the next presidential candidates."

Hadley was the first to argue that this period was when the nominations were secured, if not made official. Shapiro acknowledges his debt to Hadley, but defines the "invisible primary" even more tightly as the "period of preliminary presidential posturing that occurs before the first TV spots are aired and the typical primary voters tune in."

According to Shapiro, this new definition is needed to reflect the fact that the 2004 election cycle is "radically different" from previous ones. This year's contests are "ridiculously front-loaded," the cost of campaigning has surged astronomically, the permanent campaign has been universally accepted, and the rise of Internet tip sheets— "The Note," for example—has "spread hyperactive judgments of campaigns and candidates," Shapiro writes.

On the topic of money, Shapiro's reporting shines. He takes the reader into the world of those who can blithely write $2,000 checks, and their friends who can do the same. The columnist was privy to a series of prospecting breakfasts hosted by wealthy New York investor Alan Patricof, where Sens. John Kerry of Massachusetts and Joe Lieberman of Connecticut made their pitches for Wall Street hard money. Shapiro deconstructs North Carolina Sen. John Edwards' use of the trial-lawyer network to raise money for both his PAC and his presidential campaign. And he explains how former Vermont Gov. Howard Dean used the Internet to bypass wealthy donors and tap into $7.6 million of "cause money" in the second quarter of 2003. (Full disclosure: I was a paid advisor to Lieberman during the entire period covered in this book.)



ONE-CAR CARAVAN: On the Road with the 2004 Democrats Before America Tunes In
by Walter Shapiro • Public Affairs • 240 pp • $25.00

It is in the behind-the-scenes details like these that *One-Car Caravan* stands out. Shapiro's stories not only flesh out the personal side of these public characters, but give him the opportunity to tease out the candidates' inner character strengths and weaknesses—traits that, with the hindsight of just a few months, we already can see coming to the surface.

Shapiro's quick character judgments are prescient. After seeing Kerry on the stump, he concludes that the Massachusetts senator is "still trying to work through the 60s" and "fails to make clear his rationale for running." Dean, despite his medical roots, is a "'pol' in the best sense of the word," obsessed with the details of his campaign and the political process itself. Missouri Rep. Dick Gephardt's campaigning in his blue-collar St. Louis district reinforces the congressman's belief

> Shapiro defines the '**invisible primary**' even more **tightly** as the 'period of preliminary **presidential posturing** that occurs before the first **TV spots** are aired and the **typical primary voters** tune in.'

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

WANNA SEE MY MUSCLES? "Shapiro's stories not only flesh out the personal side of these public characters, but give him the opportunity to tease out the candidates' inner character strengths and weaknesses."

"that elections are won, and lives are uplifted, by government programs." Lieberman "brandishes his surface affability as a weapon to keep other people, especially reporters, at a distance."

Shapiro also sheds light on how the Iraq war wreaked havoc on the Democratic field. He challenges the belief that "only heroes and hawks need apply" to be the party's nominee, while at the same time making it clear that several of the top-tier candidates have a serious lack of understanding of foreign affairs. This section speaks volumes about Democratic deficiencies in foreign affairs, as well as the lingering hangover of Vietnam that feeds them.

Despite overused Jewish jokes that would make a Catskills audience groan and a final chapter that devolves into psychobabble, Shapiro's skills as a political reporter and his humorous way of looking at the often ridiculous rituals of presidential politics are sufficient reasons to read *One-Car Caravan.*

Yet, even a seasoned and shrewd observer like Shapiro cannot transcend the limits of a campaign book published before the real campaign has begun. *One-Car Caravan* barely mentions Gen. Wesley Clark, for example, and devotes more pages to Florida Sen. Bob Graham's campaign than there were months in his short-lived candidacy. Indeed, one can't help but think that this book may yet miss the real story—just as Hadley's *Invisible Primary* relegated Jimmy Carter to a "minor candidate" whose best shot was to hope for the vice president's slot on the Democratic ticket.

By design, then, *One-Car Caravan* leaves you wanting more: more analysis on why Terry McAuliffe and the Democratic National Committee allowed the primary process to become so front-loaded and more explanation of the ideological fault lines now apparent within the Democratic Party.

Of course, at this point in the cycle, this may be too much to ask of Shapiro. But when the final histories of the 2004 elections are written, *One-Car Caravan* will be an invaluable launching point, and then Shapiro's book—despite its merits—will join the yellowing newsprint on which his fellow journalists write the first draft of history. ◆

Kenneth S. Baer, author of *Reinventing Democrats: The Politics of Liberalism from Reagan to Clinton* (University Press of Kansas, 2000), runs Baer Communications, a Washington, D.C., consulting firm.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

EXCERPT

by **Andrew Cuomo**

Seizing the progressive agenda

When Andrew Cuomo famously pulled out of the New York gubernatorial race in 2002, he decided to put together a compendium of essays on U.S. politics, especially on Democratic politics. Called Crossroads: The Future of American Politics, *the book contains lots of good advice for New Democrats, including a chapter by Cuomo. The excerpt below is an adaptation of that chapter.*

It is a fact of politics that the party that best understands the forces of change and can see to the next horizon most clearly becomes the dominant political party. Democrats lost elections in 2000 and 2002 because we were lost in time. We showed little understanding of the vast changes in the world and were unresponsive to the needs of the times. We expressed no clear vision for the future. We had become the party of fear instead of the party of hope—spending more time warning what Republicans would take away rather than we did on what Democrats had to offer. To voters, we seemed bloodless, soulless, and clueless. It is not because we are a party devoid of ideas, passion, or soul but because we fooled ourselves into a political strategy of timidity.

> People are poised for change. This is a potential progressive moment for this nation. The Democratic Party should, once again, lead the way.

We deluded and diluted ourselves by continuing to rely on a shrinking "base vote" of Democratic voters—women, labor, minorities—who vote Democratic just enough to give the party a veneer of competitiveness but are no longer loyal or numerous enough to assure victory. The narrow margins of House and Senate Republican majorities convinced Democrats that instead of offering a bold agenda that confronted the huge issues of the day, a surgical agenda that addressed the concerns of a small number of critical demographic voters would lead us to a majority. And we fumbled the seminal moment of our lives—the terrorist attacks of 9/11.

The Republican response to 9/11 was politically effective. The president exemplified leadership at a time when America was desperate for a leader. On the Democratic side there was chaos. We handled 9/11 like it was a debate over a highway bill instead of a matter of people's lives. Republicans tarred Democrats for tying up the Homeland Security bill over special-interest labor amendments. It was a total misreading of the times and the mood of the country. We were decidedly ambivalent. Rosy-scenario Democrats can argue that a few thousand votes here and a few thousand votes there would have kept Democrats in the majority. I think that outlook is deceptive and not constructive. Denial is dangerous: acknowledge the loss, learn from it, and move forward.

In the Democratic Party, however, failure resembles a circular firing squad. The left-right debate misses the mark and is a trap for the Democratic Party. The question is not left or right, but forward or backward. We have to be honest and acknowledge that many programs championed by the party are now stale and obsolete. We need a forward-looking agenda consistent with our ideals.

It's Our Principles, Stupid

Core Democratic principles are fundamentally different from Republican principles. The Democratic Party has proven to be the vehicle for the most progressive and positive changes for this nation. True Democrats are aggressive progressives. The Democratic agenda is a call to arms. It is an ongoing struggle; it is a journey more than a destination. A progressive movement by definition undertakes difficult tasks.

The essence of the Democratic philosophy is the concept of justice in its fullest sense: social justice, economic justice, and racial justice. Our crusade for social justice is based on the concept of "community." We believe in racial justice. We believe that diversity is a strength and not a weakness. We believe in economic justice. We believe that anyone who works full-time should live above poverty. Frank Luntz, the republican pollster, succinctly writes that in previous

Andrew Cuomo is a partner in a New York real estate investment firm and chairman-elect of Housing Enterprise for Less Privileged U.S.A. During the Clinton administration, he was secretary of Housing and Urban Development.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

elections, "Democrats lost their voice." He is right.

Democrats must not be afraid to be Democrats, to lead with our principles, not (as is our habit) with programs. Our operating premise is that government can play a role in improving society. That is why, for example, we should not have waited thirty years to reform public housing and throw out the old, tired ideas. And that is why Democrats need to translate our philosophical core into a road map for the nation's future. We are only as good as our best ideas.

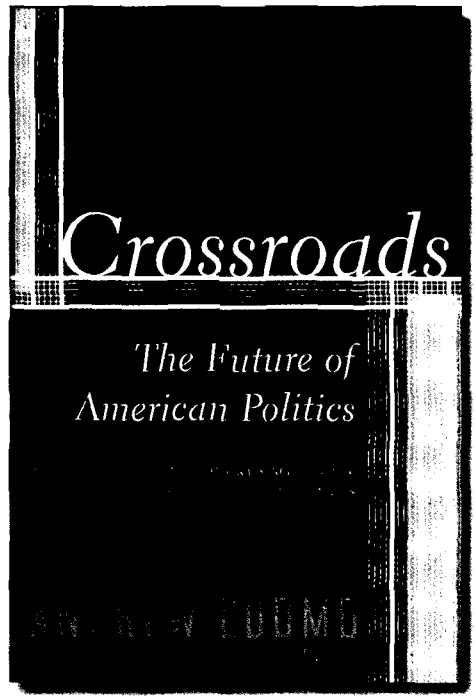
Build It and They Will Come: The Youth

Not since John F. Kennedy has there been a politician who has inspired a generation of young people to enter public service. A progressive agenda will attract youth if it is honest and bold and is communicated to them. "The strength of the Democratic Party has rested with its ability to challenge the status quo and offer Americans, especially young Americans, new ideas and a purpose greater than their own," write Harvard sophomores Andrew Frank and Joel Washington.

While I was secretary of the Department of Housing and Urban Development during the Clinton administration, we launched a special effort to bring younger people into government and we received eight thousand applications from the nation's "best and brightest" to fill two hundred positions. Their appetite for involvement is still present if there is a specific effort to defeat their cynicism. The audience is attentive if the message is honest and right.

But polls won't get you to an honest and right message. They will only tell you where people are today, not where they could be tomorrow if led. Polls suggest a self-fulfilling prophecy that says the American people will respond only if they are approached on their narrow self-interest. Polls turn leaders into followers.

Politics requires a belief in the people, and political leaders must fully trust in that belief. Our politics has become too scripted, too adulterated, too orchestrated. Politicians should talk more not less: from their hearts as well as their heads. The American people can detect sincerity and honesty. If a leader is to earn our trust, he or she must be forthcoming. We sometimes forget that half truths are half lies and that candor counts. Authenticity in leadership is



preferable to orchestration. People don't expect perfect leaders: they would rather have a genuine relationship. If people know where their leader is coming from—personally and ideologically—they will be more willing to have faith in where he or she wants to take them.

It is clear to me that we cannot develop a progressive Democratic agenda to move this country forward if all we do is adhere to polling prescriptions. We must believe that people will follow a leader they trust on a course that goes beyond their own self-interest. It may seem like a quaint notion, but that is how every great progressive movement of the past has succeeded. If we waited until polls told leaders the coast was clear, Jackie Robinson might never have been a Brooklyn Dodger, Europe would never have been rebuilt, and the Great Society would not have happened.

The Democratic agenda is never easy. A progressive approach challenges power structures and mediocrity. It appeals to our better angels when it is often easier to appeal to fear and anger. It requires the ability to take risks.

The Republican theory is in many ways less challenging. Less government, less taxes, less regulation, less United Nations has a certain appeal to it. Allowing free-market forces to determine winners and losers absolves any of us from responsibility. But that is the difference between Democrats and Republicans.

Our founding fathers showed that politics is about stark contrast, deeply held beliefs, and hard-fought campaigns. Politics must be about a passion for principles. Statesmen like Jefferson and Adams did not hide their differences but highlighted them. Politics was a difficult business, a tough fight that was in many ways more contentious than it is today. *Democrats must realize the good fight is a fight.* You can't make everyone happy. The business of government is the business of leadership.

America is at a crossroads, and it is time for leaders to lead. Historically, times like this have brought out the best in the Democratic Party and the American people.

Yes, we have challenges but we will rise to the occasion and be the better for it.

People are poised for change. This is a potential progressive moment for this nation. The Democratic Party should, once again, lead the way. ◆

Crossroads: The Future of American Politics • *by Andrew Cuomo* • *Copyright © 2003* • *Random House* • *320 pp.* • *$24.95*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Middle class squeeze

by **Robert D. Atkinson** || Given the loss of more than 3.2 million private-sector jobs on George W. Bush's watch, it's no surprise that *The Two-Income Trap* is all the rage, on talk shows and in the print media. Elizabeth Warren, a Harvard law professor specializing in bankruptcy law, and Amelia Warren Tyagi, a business consultant, try to explain a seeming paradox: With two-income families earning significantly more than the one-income households most people grew up in, why are families' discretionary income down and bankruptcies and insecurity up?

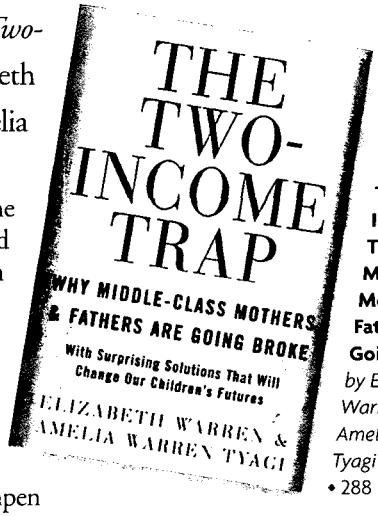
The authors put the blame on two factors. First, as parents attempt to get the best for their kids, the costs of housing and education have skyrocketed. Second, two-earner families base their lifestyles on two incomes, and if either earner loses a job (an increased probability if for no other reason than that both people are in the work force), they are thrown into a financial crisis. This is why the authors find that a family with children is three times more likely to file for bankruptcy than a family without children.

There's no question that the costs of essentials—housing, child care, health care, and college—have increased significantly, squeezing the middle class, especially those with kids. The book proposes important ideas to address the concerns of the middle class, particularly the skyrocketing costs of housing and college education. In particular, the authors emphasize the role played by parents in the bidding war for scarce housing in safe neighborhoods with decent schools. Efforts to get their kids into good colleges lead to similar results—"an arms race of expenditures, triggered by the pursuit of prestige."

To get out of the housing bind, the authors argue that we should decouple school attendance from neighborhood location by instituting universal public school choice. With choice, parents wouldn't have to buy more expensive houses in high-priced school districts just to ensure that their kids go to good schools.

But while more choice would dampen the bidding war and boost the quality of public schools, it wouldn't address the core issue of making sure that the supply of housing (and good school districts) keeps up with demand. Recent studies have pointed to local land-use zoning practices as a major factor in limiting the number of buildable lots in metropolitan areas, leading builders to maximize their profits by building larger, more expensive homes.

If we are to fix this problem, we can't expect localities to change on their own. We need strong federal and state policies that give local governments positive and negative incentives to zone for more housing, especially housing that families with kids are likely to buy. Moreover, much of the run-up in housing prices stems not only from competition for good neighborhoods, but also from competition for particular metropolitan areas. Housing prices in large metro areas such as New York, Washington, San Francisco, and Seattle have escalated as more people and jobs have located there. That's why we need a national "balanced growth" policy focused on shifting some growth from expensive, crowded, large metro areas to rural areas and smaller cities.


THE TWO-INCOME TRAP
WHY MIDDLE-CLASS MOTHERS & FATHERS ARE GOING BROKE
With Surprising Solutions That Will Change Our Children's Futures
ELIZABETH WARREN & AMELIA WARREN TYAGI

THE TWO-INCOME TRAP: Why Middle-Class Mothers and Fathers Are Going Broke *by Elizabeth Warren and Amelia Warren Tyagi* • Basic Books • 288 pp. • $26.00

The authors also address the growing affordability problem of higher education, made even worse by the Bush tax cuts and resulting reductions in state tax revenues. Part of the solution will involve expanding policies to help lower-income families afford college. But the authors rightly point to the need for getting a handle on rapidly rising costs. Like the housing market, higher education suffers from significant market failures, in this case the difficulty of judging quality and thereby falling back on price as a proxy.

As *Business Week* and other studies have recently pointed out, American higher education is anything but the model of efficiency and good management. Institutions of higher education

> "There's **no question** that the costs of essentials—housing, child care, health care, and college—**have increased** significantly, **squeezing the middle class**, especially those with kids."

Robert D. Atkinson is vice president of the Progressive Policy Institute and director of its Technology and New Economy Project.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

could do a host of things that would cut costs while possibly even improving the quality of education—from joint purchasing, to cutting back on money-losing sports programs, to requiring social science and humanities professors to teach more than two courses a semester. Yet, without outside pressure from the federal government, they are unlikely ever to get serious about this.

The authors propose a simple, yet innovative, solution: federal legislation that would limit tuition increases at public universities. Perhaps tying federal aid to universities that limit tuition increases would force universities and colleges finally to institute serious cost controls. If designed properly (for example, by not punishing schools that have been able to avoid tuition increases), such a measure would put most schools on the same playing field.

The authors propose other sensible measures. They rightly point out that universal day care subsidies would be biased against families that choose to have one parent stay at home. Instead, they call for any day care subsidies to include tax credits for families with a stay-at-home parent. To help working families save for unseen emergencies, they propose more generous savings tax credits.

Notwithstanding these sensible proposals, the authors at times seem a bit paternalistic, wanting to take away choices middle-class households have because they sometimes make bad ones. For example, to stem the demand for housing, they propose government regulations on the mortgage market that would require higher down payments and lower debt-to-income ratios. This might reduce the demand for housing, but it would consign millions of Americans to renter status and deny them a chance to build wealth.

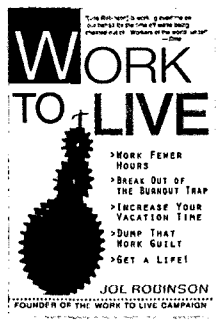
Moreover, while bringing needed attention to a troublesome trend affecting the broad middle class, the authors are too willing to absolve the upper middle class of responsibility for consumption patterns. They reject the claim made by a number of authors, including Robert Frank (*Luxury Fever*) and Juliet Schor (*The Overspent American*), that many Americans, particularly those at the upper end of the middle class—David Brooks' "Bobos" in paradise—have gotten caught in a trap of overconsumption, partly driven by a relentless marketing of upscale items as necessities.

One reason to reject the authors' claim is that they use faulty methodology to conclude that over the past 20 years American families are not buying more designer clothes and eating out more, but that, in fact, they are spending less on such basics as clothing and food. Unfortunately, rather than calculating the change in consumption of a particular item by using the specific rate of inflation for it, they incorrectly use the economy-wide consumer price index (CPI). Using the correct deflator means that an average family of four spent more, not less, on clothes in 2001 ($2,081) than in 1984 ($1,741). The same turns out to be true for housing, cars, and food.

With more Americans facing a financial squeeze, it's time for fuller consideration of the kind of creative policy proposals Warren and Tyagai make. But, in contrast to the conservative free-market solutions Republicans would advise, this would actually mean a stronger federal role, particularly in developing the kind of creative incentives to help drive down costs of key essentials like housing, health care, and education. ◆

Time over money

by **Robert D. Atkinson** || Political parties gain ascendancy when they offer voters something of value that the other party won't provide. From the 1930s to the 1960s, voters valued the security and collective action that an expansive federal government enabled. Because Democrats embraced this new kind of governance while Republicans clung to the pre-New Deal era, Democrats were rewarded at the ballot box, especially in congressional elections.


WORK TO LIVE
>WORK FEWER HOURS
>BREAK OUT OF THE BURNOUT TRAP
>INCREASE YOUR VACATION TIME
>DUMP THAT WORK GUILT
>GET A LIFE!
JOE ROBINSON
FOUNDER OF THE WORK TO LIVE CAMPAIGN

WORK TO LIVE: The Guide to Getting a Life
by Joe Robinson • Perigee • 288 pp. • $14.95

In today's new economy, voters seem to want more nimble government, more choice, and reasonable taxes, at least more than they want big government, bureaucracy, and high taxes. Because this is what Republicans claim to offer, voters have rewarded them. If Democrats are to regain the strength they enjoyed in the old economy, they will need to offer something that voters value but that the other party won't provide.

Joe Robinson's book *Work to Live* provides a glimpse of what that might be. Robinson, the founder of the Work to Live campaign, makes a compelling case that Americans are working longer hours and that the workplace is increasingly at odds with what Americans, especially middle-class families, want—more balance between work and family. While this conflict may not erupt by Election Day, the desire for better part-time jobs for working moms, a shorter workweek, and more vacation time, once the economy finally turns around, could soon emerge as a key political issue.

With Republicans' distaste for gov-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ernment intervention, especially when it challenges corporate interests, the GOP will be hard-pressed to do more than offer platitudes. Besides, Republicans can always claim, some workers, like George W. Bush, already get four weeks vacation a year.

Robinson is onto something. Unlike most European workers, who enjoy four to six weeks of paid vacation every year, the average American worker gets just 13 days, and many get zilch. In the past two decades, we've seen our work hours increase by almost two 40-hour weeks, from 1,883 hours to 1,966 hours. Robinson illustrates this by listing the "10 commandments" that have perversely come to dominate working life. Commandment No. 1: "Thou shalt not be among the first to leave the office at closing time."

In contrast, French workers put in just 1,656 hours in 1997 (prior to legislation limiting the workweek to 35 hours) and Germans work even less time, at 1,560 hours. This isn't just a reflection of some idiosyncratic European zest for life. Our Canadian neighbors have also cut back by more than a full workweek, to 1,732 hours. Even the Japanese, who have often been characterized as workaholic "salarymen," saw their working hours fall from 2,121 in 1980 to 1,889 hours in 1995.

It's not as if Americans are chomping at the bit for more overtime and fewer vacation days. Robinson reports that 95 percent of workers say they worry that work is taking too much time away from their families, and 87 percent say increased work demands are keeping them from getting enough sleep. In a 2000 BLUEPRINT poll, Mark Penn found that 70 percent of voters who are married with children say that they don't get to spend enough time with their family and kids. Perhaps this is because today the average child sees 22 hours a week less of working parents than in 1970—two years less during their childhood.

If workers are dissatisfied at the current state of working, why don't they change it? There are two key factors. First, as Elizabeth Warren and Amelia Tyagi document in *The Two-Income Trap* (see page 32), many middle-class families are struggling to make ends meet.

Toward the end of the Clinton-era economic expansion, many people were increasingly willing to readjust the balance between time and money. Penn found that while a decade ago only about 10 percent of workers would prefer more time off instead of more work, by 2000 nearly one-third preferred more time off—a remarkable shift in public preference, particularly among groups that were more likely to favor time off, such as women with kids (41 percent) and those making more than $60,000 per year (45 percent). But in these tougher economic times, more money is the top desire for many.

Even for the many workers who would like a bit more time off, another factor keeps them from it. The rise of the 24-hour global economy has exacerbated the conflict between corporate values and family values. In a hypercompetitive economy, where speed is king, the ideal employee is the one who's always available, not the one who's constantly juggling family responsibilities. Robinson documents how hard it is for many workers not to work late nights, go on that out-of-town trip, or take work home. For if you don't, you risk being skipped over for a promotion or a raise, or even worse, losing your job. One-half those surveyed in a *U.S. News*/Bozell poll said they would be penalized for spending less time at the office than colleagues who didn't get their work done as quickly—and might lose out on raises or promotions.

This means that if we are to attain a healthier balance as a society between work and family, there will be two key pieces of the solution: first, boosting productivity and wages so more workers can afford to take more time off; and second,

QUALITY TIME: With productivity rising, many workers would rather have more time off to be with their families than a bigger raise.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

putting in place policies to encourage business to provide more time off and more flexible schedules.

If we could boost the economy's productivity by 15 percent (something that is likely to happen in three to four years), Americans could work less (by 40 hours) and still produce more (13 percent more). While productivity growth is robust now, the Bush policies—massive budget deficits; underinvestment in the building blocks of growth, such as skills, research, and infrastructure; and overall lack of economic leadership—put this performance at grave risk.

Ensuring that we have the right policies in place to keep the productivity boom going is not just something to do to increase the growth of the GDP, it's a key part of creating an economy that's prosperous enough to let more workers spend more time with their families. These policies include fiscal discipline, investments in skills and R&D, and support for competition.

But economic growth alone is not likely to get us to where many Americans want to go. Without the right public policies, more growth is not likely to lead to more free time. It's here that Robinson proposes a number of creative ideas. While much of the book is focused on advice to help workers manage their situations—"set clear boundaries between work and home," "negotiate fewer hours and more time off," and "quit a job that's killing you"—Robinson ventures into public policy with a number of proposals.

The boldest is his call to reform the Fair Labor Standards Act to require companies to provide workers with three weeks paid vacation for anyone working one year, increasing to four weeks after three years. Some might dismiss this as an unrealistic European holdover from the welfare state era or as inappropriate government intervention into the labor market. A more realistic view is that it reflects the desire of many people to allocate a growing share of the productivity gains to more free time, just as they did in the first half of the 20th century, as the workweek fell from approximately 60 hours to 40 hours, while wages skyrocketed.

As the economy rebounds, it is likely that more and more Americans, especially those in the middle class, will want a bit more time off instead of getting a bigger raise. Four weeks required vacation is probably a step too far for now, but one step that can and should be taken is to codify what's existing practice at many, but by no means all, companies: requiring two weeks paid vacation after one year on the job.

In a perfect New Democrat universe, mandates are as welcome as a skunk at a garden party. But let's face it, in an economy driven by ruthless competitive forces, workers and companies are unlikely to be able to shake this workaholic habit unless the rules are changed. Most corporations are not greedy task masters that want to drive their workers ever harder, but they, too, are caught in a hypercompetitive marketplace where, if they unilaterally cut back on work hours, their competitors will take advantage of them. As a result, they and their workers need a little help.

It's not as if we don't already impose mandates to encourage all players to act in a win-win manner. We require young people to go to school for 10 years and companies to pay overtime for work beyond 40 hours a week. What a mandate does is level the playing field so that good companies that want to do the right thing are not at a competitive disadvantage to their competitors that want to take the low road.

A work-family agenda does not have to be just about imposing requirements on business. It needs also to involve incentives for employers to create more family-friendly policies. Robinson advocates tax incentives for employers who initiate flextime; telecommuting; good part-time jobs, particularly for working parents; and other family-friendly practices.

Today, too many mothers, especially college-educated women, are forced into either working full-time and not being able to spend adequate time with their kids, or not working at all and not having the extra income they need. They should have the choice of working from 9:00 a.m. to 3:00 p.m. so they can be with their kids in the morning and pick them up from school in the afternoon, while holding jobs that utilize their skills. Incentives that reward companies that implement these kinds of good part-time jobs will go a long way toward reconciling a key conflict between work and family for many households.

Robinson also supports workers being able to trade in their overtime for more time off, not more money, as is currently required by law. As long as reasonable worker protections are included, such flextime legislation—which would protect the 40-hour workweek but let workers choose an hour and a half of paid time off for every hour of overtime—makes sense, especially in a world where both parents work.

If Democrats can champion a coherent plan for improving productivity, while at the same time ensuring that some of the gains go to reduced work hours, it might just be the winning formula for the party and the country. ◆

If Democrats can champion a **coherent plan** for **improving productivity**, while at the same time ensuring that **some of the gains** go to **reduced work hours**, it might just be the **winning formula** for the party and the country.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

It's not over

Contrary to the conventional wisdom, the fight for the Democratic presidential nomination is not a done deal. In fact, it's just beginning. Here are 10 things the candidates and the voters ought to keep in mind as the contest heats up.

1. *The election's not over until it's over.* Primary voters, not interest groups or endorsers, pick the candidate, and not one has cast a ballot yet. The landscape of past elections is littered with early front-runners who either lost the nomination or encountered unexpected difficulties. Both Bill Clinton and George W. Bush lost the New Hampshire primary but came back to win their parties' nominations.

2. *Keep your eyes on the prize.* It's all about the White House, not the nomination. The early contests are hardly representative of Democratic voters, let alone the national electorate. What you say in Iowa in January can come back to haunt you in October. That's why the most successful candidates run the same campaigns in the primaries and the general election.

3. *Don't just energize, persuade.* It's fashionable for political operatives to say that all a candidate needs to do to win is to turn out the Democratic base. That's poppycock. The numbers just don't add up. About one-third of voters are Democrats. So even if every one of them marched to the polls, you'll still need a healthy slice of swing voters to win. You can energize the party faithful by tapping their anger toward Bush. But to win swing voters you need to persuade them you have a better vision for America than he does. That's why, in presidential politics, vision and ideas trump anger.

4. *Security is a threshold issue.* Too often Democrats would rather change the subject than talk about national security. They tried that in 2002—and lost. If our nominee can't convince voters he'll be a credible commander in chief, they won't listen to all the other good things he has to offer.

5. *Remember the forgotten middle class.* By taxing work and rewarding privilege, Bush undermines the ethic of hard work that built the middle class. He's ignored its economic interests with policies that have brought fewer jobs, lower incomes, more poverty, and staggering debt. Democrats need to offer a plan that restores fiscal discipline, grows the economy, creates jobs, increases incomes, and secures retirement.

6. *Ask Americans to give something back.* Bush squandered the post-9/11 national unity by asking nothing more of Americans than that they go shopping. Democrats need to re-energize the civic ethic of John F. Kennedy and Bill Clinton by giving every American a chance to serve his or her country.

7. *Silence is not golden on culture issues.* Democrats don't like to talk about culture issues like gun safety. But when they remain silent on gun safety, too many voters assume Democrats want to take their guns away. They need to belly up to the bar. A New Democrat staple—with rights come responsibilities—really works. A Democrat who supports the right to bear arms, combined with a progressive gun safety message, can win the votes of some gun advocates.

8. *Good ideas without reform equal big government.* The role of government is the biggest cultural issue—and, too often, it represents a trap for Democrats. The Democrats' problem is not that we lack big ideas. But without a reform agenda, the best ideas just turn into more government. That's why more investment alone is not a winning strategy for education reform. More investment, plus more accountability, is.

9. *Leadership means thinking about the future, not just the present.* Just three years ago, President Clinton talked about 10 great challenges America would face in this century—none more pressing than the aging of America and the pending retirement of the baby boomers. Today nobody talks about that, or the other great challenges. By taxing less, spending more, and piling up debt, Bush shortsightedly robs our country of the resources we need to deal with them. That could be his Achilles' heel. Elections are about the future, not the present or the past.

10. *Campaign as you wish to govern.* Some candidates cynically think they can campaign one way and govern another. They're wrong. Voters know instinctively when candidates are blowing smoke. And it's hard to build a mandate for policies you campaign against. Besides, your place in history will be determined by your governing success, not your campaign rhetoric. The secret of the New Democrat formula is not just that New Democrat ideas appeal to both core Democrats and swing voters, but that, put into action, they work. The Clinton record is proof of that. The best policy is still the best politics. ◆

Al From is founder and CEO of the Democratic Leadership Council.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The flagship publication of the Democratic Leadership Council, the heart of the NEW DEMOCRAT movement:

BLUEPRINT!

BLUEPRINT advances BIG IDEAS.

IDEAS that challenge the outdated orthodoxies of the left and right.

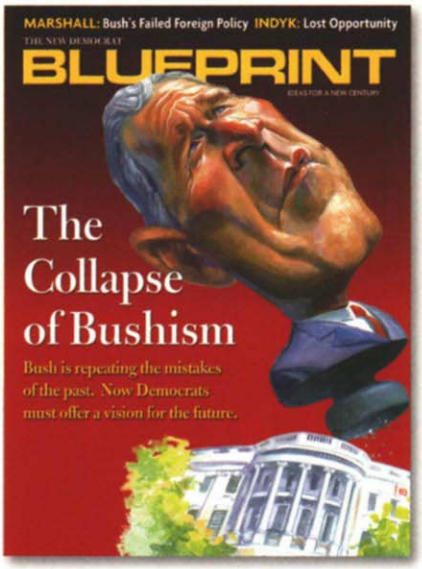
IDEAS that spur the policy debate in Washington.

IDEAS for progressive policymakers around the country.

IDEAS for the 21st century.

In addition to our familiar series of in-depth cover articles, BLUEPRINT gives you:

- **Columns** by **Al From, Will Marshall** and **Bruce Reed**.
- **Commentary** on cutting-edge policy developments by leading New Democrat thinkers and doers.
- **Book reviews** and essays about American media and culture.
- ***New Dem Digest,*** a section on the people, policies, and politics of the New Democrat movement.


MARSHALL: Bush's Failed Foreign Policy INDYK: Lost Opportunity
THE NEW DEMOCRAT
BLUEPRINT
IDEAS FOR A NEW CENTURY
The Collapse of Bushism
Bush is repeating the mistakes of the past. Now Democrats must offer a vision for the future.

SUBSCRIBE TODAY!
3 EASY WAYS
$25 a year for six issues
($75 for overseas deliveries)

On the Web—
www.ndol.org/specials/subscribe

By phone—
1-800-546-0027
In the Washington metro area:
202-546-0007

By mail—
DLC
Magazine Subscriptions
600 Pennsylvania Ave., SE
Suite 400
Washington, D.C. 20003
(make your check payable to DLC)

DLC
Democratic Leadership Council

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

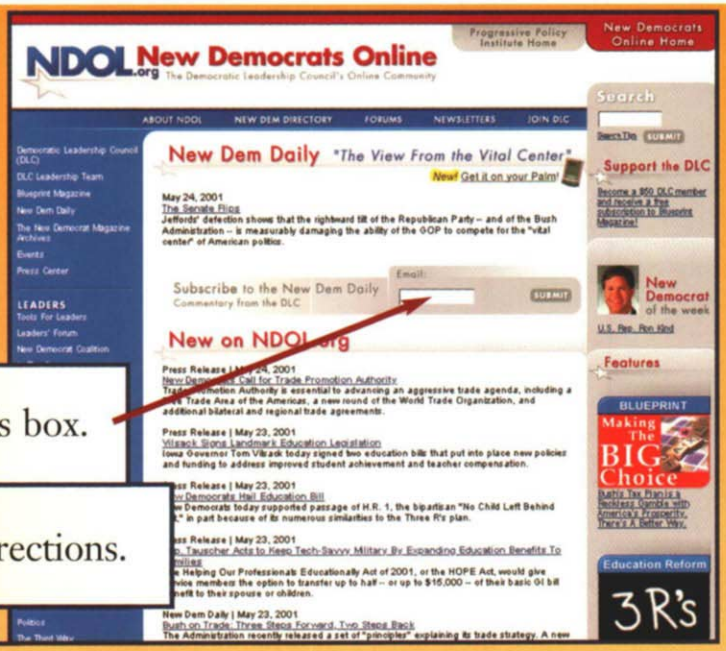
Get The New Dem Daily Email!

Incisive Political Commentary and Analysis from the DLC.

A MUST READ!

Add yourself to the list!

1. Go to **www.ndol.org.**
2. Enter your email address in this box.
3. Click 'submit' and follow the directions.



The DLC's **New Dem Daily** provides pithy, quotable political commentary and analysis from the centrist "New Democrat" perspective.

Written and edited by the DLC's policy team, it covers the most important political issues and policy debates in Washington and around the country.

The **New Dem Daily** is published on the DLC's website, "New Democrats Online" — www.ndol.org — and is distributed by email, free, to thousands of subscribers in the federal, state, and local public policy-making communities and the news media.

Add yourself to the list today!

Subscribers to the New Dem Daily control their own subscriptions, and may unsubscribe at any time. **We never sell or share email addresses with third parties.**

Democratic Leadership Council
BLUEPRINT
600 Pennsylvania Avenue SE
Washington, DC 20003

Non-Profit Organization
U.S. Postage Paid
Permit 3775
Washington, DC

Forward and Address Correction Requested

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED